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STATEMENT OF INFORMATION

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HEARINGS

BEFORE THE

COMMITTEE ON THE JUDICIARY

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

PURSUANT TO

H. Res. 803

A RESOLUTION AUTHORIZING AND DIRECTING THE COMMITTEE  
ON THE JUDICIARY TO INVESTIGATE WHETHER SUFFICIENT  
GROUNDS EXIST FOR THE HOUSE OF REPRESENTATIVES TO  
EXERCISE ITS CONSTITUTIONAL POWER TO IMPEACH

RICHARD M. NIXON

PRESIDENT OF THE UNITED STATES OF AMERICA

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BOOK VI—PART 1

POLITICAL CONTRIBUTIONS BY  
MILK PRODUCERS COOPERATIVES:  
THE 1971 MILK PRICE SUPPORT DECISION



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## FOREWORD

By Hon. Peter W. Rodino, Jr., Chairman,  
Committee on the Judiciary

On February 6, 1974, the House of Representatives adopted by a vote of 410-4 the following House Resolution 803:

RESOLVED, That the Committee on the Judiciary acting as a whole or by any subcommittee thereof appointed by the Chairman for the purposes hereof and in accordance with the Rules of the Committee, is authorized and directed to investigate fully and completely whether sufficient grounds exist for the House of Representatives to exercise its constitutional power to impeach Richard M. Nixon, President of the United States of America. The committee shall report to the House of Representatives such resolutions, articles of impeachment, or other recommendations as it deems proper.

Beginning in November 1973, acting under resolutions referred to the Committee by the Speaker of the House and with a special appropriation, I had begun to organize a special staff to investigate serious charges against the President of the United States.

On May 9, 1974, as Chairman of the Committee on the Judiciary, I convened the Committee for hearings to review the results of the Impeachment Inquiry staff's investigation. The staff began its initial presentation the same day, in executive session, pursuant to the Committee's Impeachment Inquiry Procedures adopted on May 2, 1974.

By June 21, the Inquiry staff had concluded its initial presentation.

On June 25, the Committee voted to make public the initial presentation including substantially all of the supporting material presented

at the hearings. The Committee also voted to make public the President's response, which was presented to the Committee on June 27 and June 28 in the same form and manner as the Inquiry staff's initial presentation.

Statements of information and supporting evidentiary material were compiled by the Inquiry staff in 36 notebooks and furnished in this form to each Member of the Committee. The notebooks presented material on several subjects of the Inquiry: the Watergate break-in and its aftermath, ITT, milk price supports, domestic surveillance, abuse of the ITS, and the activities of the Special Prosecutor.

Four notebooks were furnished to the Members of the Committee relating to the 1971 milk price support decision. In each notebook a statement of information relating to a particular phase of the investigation was immediately followed by supporting evidentiary material, which included copies of documents and testimony, transcripts of Presidential conversations and affidavits.

The printed edition of Book VI contains several items of evidence that were not in the material presented to the Committee during its hearings. These additional items include documents and testimony received by the Committee after the staff presentation, as well as additions requested by Committee members during the Inquiry staff presentation and during the President's presentation. Additional evidence not included in the original staff presentation is designated with an asterisk (\*).

Every effort was made to preclude inferences in the presentation of this material. A deliberate and scrupulous abstention from conclusions, even by implication, was observed.

With respect to the Presidential recorded conversations, the Committee determined to hear the recorded conversations in their entirety. The Presidential recorded conversations were neither paraphrased nor summarized by the Inquiry staff. Thus, no inferences, or conclusions were drawn for the Committee. During the course of the hearings, Members of the Committee heard each recording and simultaneously followed transcripts prepared by the Inquiry staff. Each of these transcripts is reprinted under the appropriate Statement of Information.

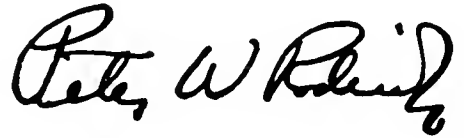
During the course of the hearings, the Committee found it necessary to issue a subpoena to President Richard Nixon requiring tape recordings of 18 Presidential conversations believed by the Committee to be related to its investigation of milk price supports.

The Committee also subpoenaed the President's daily diaries (logs of the time and duration of the President's meetings, telephone calls, and other activities) for the period March 19, 1971 through March 25, 1971. The President has not yet responded to this subpoena.

The Committee on the Judiciary is working to follow faithfully its mandate "to investigate fully and completely" whether or not sufficient grounds exist to recommend that the House exercise its constitutional power of impeachment.

I believe that the readers of these volumes will see that the Committee's primary effort in carrying out its mandate has been to obtain an objective, impartial presentation which will enable each Member of the Committee to make an informed judgment in fulfilling his or her constitutional responsibility.

I also believe that the publication of the record of these hearings will provide readers with a clear idea of the particulars of the investigation and that the proximity of the evidence will assure them that no statement of information is offered without supporting evidentiary material.

A handwritten signature in black ink, appearing to read "Peter W. Rodino". The signature is written in a cursive, flowing style with a large initial "P" and a long, sweeping underline.

July 1974

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*NOTE: Book VI is published in two parts. Part 1 contains the entire statement of information and supporting evidence for paragraphs 1-22. Part 2 contains copies of the statement of information and the supporting evidence for paragraphs 23-45.*



## INTRODUCTORY NOTE

The material contained in this volume is presented in two sections. Section 1 contains a statement of information footnoted with citations to evidentiary material. Section 2 contains the same statement of information followed by the supporting material.

Supporting material consists of information obtained at public hearings and in executive session by the Senate Select Committee on Presidential Campaign Activities; information furnished to the Committee by grand juries; information furnished to the Committee by government agencies; transcripts of tape recordings of conversations among President Nixon and his key associates prepared by the Committee staff; information furnished to the Committee by the President, the Executive Departments of the government, and the Special Prosecutor; and other information obtained by the Committee, much of which was already on the public record.

Each page of supporting evidence is labeled with the footnote number and a description of the document or the name of the witness testifying. Copies of entire pages of documents and testimony are included, with brackets around the portions pertaining to the statement of information. Markings on the documents include item numbers and receipt stamps of the House Judiciary Committee and other agencies from which the Committee received material.

In the citation of sources, "SSC" is used as an abbreviation for the Senate Select Committee on Presidential Campaign Activities.



STATEMENT OF INFORMATION

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POLITICAL CONTRIBUTIONS BY  
MILK PRODUCERS COOPERATIVES:  
THE 1971 MILK PRICE SUPPORT DECISION

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Part 1



1. Prior to August 2, 1969 Milton Semer, a lawyer for the predecessor organization of Associated Milk Producers, Inc. (AMPI), a large milk producers' cooperative, told Herbert W. Kalmbach, the President's personal attorney and political fundraiser, that Semer's client wanted to make a political contribution. Semer told Kalmbach that his client had three goals: (1) milk price supports at a level of 90% of parity; (2) a Presidential address to the AMPI convention the following year; and (3) some identity or audience with the President, such as picture taking and the ability to talk to various people within the White House. Kalmbach has testified that he informed Haldeman of AMPI's goals and its desire to make contributions and that Haldeman authorized Kalmbach to accept the contribution. Haldeman has stated that Kalmbach reported to him generally on fundraising activities but that he does not recall Kalmbach's reporting on the milk producers' contribution.

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2. On August 2, 1969 Semer on behalf of AMPI delivered \$100,000 in cash to Kalmbach. Kalmbach added the cash to the surplus funds from the President's 1968 campaign which were in Kalmbach's custody. Kalmbach used this fund on behalf of the White House for, among other things, making payments to Tony Ulasewicz and to the Albert Brewer campaign against George Wallace for Governor of Alabama in 1970.

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3. Kalmbach has testified that between August 2, 1969 and August 9, 1969 he reported to Haldeman that he had received the \$100,000 and again stated to Haldeman the objectives Semer had given. Kalmbach also informed John Ehrlichman, Maurice Stans, Jack Gleason (then an aide to Maurice Stans and later a White House aide), and Assistants to the President Peter Flanigan and Harry Dent of the contribution, and he telephoned one or more of them to arrange for meetings between AMPI representatives and White House aides. On August 19, 1969 Semer, AMPI General Manager Harold Nelson and AMPI special counsel David Parr met with Dent at the White House to discuss dairy industry problems and to invite the President to address an AMPI annual meeting.

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4. By memorandum dated June 24, 1970 White House aide Jack Gleason turned over most of the responsibilities with regard to the milk producers to Special Counsel to the President Charles Colson. Gleason stated that Colson would handle outstanding items including the possibility of the President speaking in September at the AMPI annual meeting in Chicago and the possibility of the President making an emergency reduction of import quotas on dairy products. Attached to the memorandum was a draft letter prepared by Parr that could be used by the Secretary of Agriculture to recommend that the President take immediate action imposing limitations on imports of certain cheeses and other dairy products.

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5. In the June 24, 1970 memorandum from Gleason to Colson referred to in the preceding paragraph, Gleason stated that AMPI special counsel Parr would coordinate directly with Gleason on collection and distribution of support. During 1970, AMPI and other dairy organizations pledged or contributed approximately \$135,000 to a special White House project administered by Gleason and Kalmbach which both distributed contributions and designated certain Congressional candidates to receive contributions.

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10. On or about November 3, 1970 Colson sent a memorandum to Murray Chotiner noting that AMPI's political trust had contributed to unopposed Democratic Congressional candidates and asking Chotiner to tell AMPI's lawyer Marion Harrison that if he wanted to play both sides, that's one game, but if he wanted to play the Administration's side, it was entirely different. Colson said that this would be a good way to condition Harrison before putting the screws to him on imports, which they were about to do.

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11. In late November, 1970 Colson, Kalmbach, Nelson, Parr, AMPI lawyers Harrison and Patrick Hillings and Presidential campaign fundraiser Tom Evans met in Kalmbach's hotel room in Washington, D.C. and discussed procedures whereby AMPI's contributions to the President's re-election campaign could meet statutory reporting requirements without resulting in publicity.

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15. In January 1971 AMPI began making payments of \$2,500 per month to the Washington, D.C. public relations firm of Wagner & Baroody. The January 1971 payments totaled \$10,000 and were in response to statements from Wagner & Baroody dated December 31, 1970 for counseling and public relations services in October, November and December of 1970 and January 1971. AMPI General Manager Nelson has testified that Wagner & Baroody was retained by AMPI after repeated requested by Colson to AMPI lawyer Harrison; that shortly prior to AMPI's agreeing to retain Wagner & Baroody, AMPI and Harrison had refused to retain the firm; that AMPI decided it had better hire the firm because Colson had requested it and because AMPI was afraid that it would lose favor or its efforts would be impeded if it did not; that AMPI considered the payments to Wagner & Baroody in the nature of contributions; and that Nelson was unaware of any activities undertaken by Wagner & Baroody on behalf of AMPI and knew of no AMPI employee who had ever met with or talked to anybody from the firm. The AMPI monthly payments to Wagner & Baroody continued from January 1971 through January 1972.

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16. Prior to February 1971 Haldeman directed Kalmbach to begin raising early money for the 1972 Presidential campaign. In early February 1971 Haldeman gave Colson permission to proceed with finding an outside man for handling funds from certain groups that Kalmbach did not want to be involved with. In a February 2, 1971 memorandum Haldeman told Colson to contact Republic National Committee Chairman Bob Dole regarding complaints that the milk producers were unable to work out a means of getting their activity going regarding their support. On February 8, 1971 Colson sent a memorandum to Haldeman saying that the problem involved a person who could handle outside support, that Haldeman and Kalmbach had been working on the problem, and that it was terribly important that Colson and people at the White House not be personally involved. In or before March 1971 Kalmbach, with Haldeman's approval, began to assist in the establishment of the Finance Committee to Re-Elect the President.

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17. On February 2, 1971 Colson sent a memorandum to Haldeman's assistant Lawrence Higby stating that the milk producers were prepared to contribute \$100,000 for tables at a Republican dinner and that the only trick would be to be certain that the White House got credit for this against the sums it was expected to raise. Higby noted on the memorandum, "OK."

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18. Between February 2, 1971 and February 16, 1971 Haldeman, Ehrlichman, Colson and other White House officials approved plans for the President to meet with dairy industry leaders. On a memorandum approving the proposal for the meeting Colson stated that the President said he wanted to do this and should.

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19. Beginning in early 1971 dairy cooperative representatives undertook intense lobbying efforts in Congress to enact legislation requiring a milk price support level of between 85% and 90% of parity. On February 10, 1971 Speaker Carl Albert, Congressman Wilbur Mills, and Ranking House Ways and Means Committee member John Byrnes met in Speaker Albert's office with AMPI officials Harold Nelson and Dave Parr, USDA Congressional liaison head William Galbraith, and Counsel to the President for Congressional Relations Clark MacGregor. On March 4, 1971 Congressman Mills telephoned OMB Director George Shultz and on March 10, 1971 Speaker Albert telephoned Shultz to urge an increase in milk price supports. During late February and March, 87 Members of Congress wrote or wired the Department of Agriculture urging an increase in milk price supports to 90% of parity. Ten other Members sought an increase to at least 85% of parity, while 44 Members forwarded constituent requests which sought increases to various levels. Between March 16 and March 25, 1971 approximately 28 bills sponsored by 118 individual Representatives were introduced in the House of Representatives and two bills sponsored by 29 Senators were introduced in the Senate to increase the minimum level of milk price supports to at least 85% of parity.

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20. On or about March 3, 1971 the Department of Agriculture concluded that an increase in milk price supports above the then current level of \$4.66 per hundredweight (cwt) (approximately 79% of parity) was not economically justified to assure an adequate supply of milk. Between March 3, 1971 and March 12, 1971 the President, Ehrlichman, Ehrlichman's assistant for agricultural matters John Whitaker, Counsel to the President for Congressional Relations Clark MacGregor, Office of Management and Budget Director George Shultz, and other White House, OMB, and Council of Economic Advisors officials discussed the Department of Agriculture's decision. On March 10, 1971 Colson sent Ehrlichman a memorandum stating that because of the obvious political support they had discussed, affirmative action should be taken on certain cheese imports in order to counteract the effect of the parity level announcement.

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21. On March 12, 1971 Secretary of Agriculture Hardin, finding that the price support level of \$4.66 per cwt. would assure an adequate supply and otherwise fully meet the applicable statutory criteria, set the milk price support level for the marketing year April 1, 1971 - March 31, 1972 at \$4.66 (approximately 79% of parity). In the same press release announcing the price support decision, the Department of Agriculture noted that the President had ordered the Tariff Commission to conduct an immediate investigation on restricting cheese imports and it announced purchase of cheese for the USDA food program. According to a memorandum by Whitaker, the President approved this announcement on March 12, 1971 on the recommendation of Hardin, Shultz, Ehrlichman and Special Assistant to the President for International Economic Affairs Peter Peterson.

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22. From early March 1971 through March 25, 1971 dairy cooperative attorneys and representatives contacted Administration officials to urge that the President increase milk supports above the level set by Secretary Hardin. Murray Chotiner, who resigned as Special Counsel to the President on March 4, 1971 and was retained by AMPI shortly thereafter, spoke with John Ehrlichman, John Whitaker, Charles Colson, and Colson's assistant Henry Cashen to urge that the milk price support level be increased. Jake Jacobsen, another AMPI attorney, met with Secretary of the Treasury Connally. Bob Lilly, the secretary of AMPI's political trust, has testified that in March 1971 Secretary Connally told him that an increase in milk price supports was "in the bag." Connally has denied making this statement or meeting with AMPI officials between March 12, 1971 and March 25, 1971. AMPI representatives Nelson, Parr and Harrison have testified that campaign contributions were not discussed as a quid pro quo to the price support increase.

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23. On March 17, 1971 Colson sent a memorandum to Haldeman's aide Gordon Strachan attaching memoranda from Colson's file regarding the milk producers' political contributions and saying this is now in your department. On March 18, 1971 Dean sent to Kalmbach and other Presidential campaign fundraisers a draft charter for a political committee to serve as a model to be used in connection with the milk producers' association. Haldeman has stated that on an uncertain date he had a conversation with Connally regarding the establishment of mechanics for receiving milk producer contributions.

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23.2 Memorandum from John Dean to Frank DeMarco, Tom Evans and Herbert Kalmbach, March 18, 1971, with attachment (received from SSC). ....	500
23.3 H. R. Haldeman interview, SSC Executive Session, January 31, 1974, 20-21. ....	510

24. On March 19, 1971 Ehrlichman, Shultz, Whitaker, Cashen, and other White House aides met in Ehrlichman's office with Campbell and Hardin and discussed the milk price support issue.

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25. On March 19, 1971 Connally met with AMPI lawyer Jake Jacobsen. On March 20, 1971 and March 22, 1971 Connally and the President had telephone conversations.

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26. Following the Secretary of Agriculture's announcement that the milk price support level would be maintained at \$4.66 per cwt., dairy cooperative leaders determined to cancel the plans they had made in February 1971 to contribute between \$60,000 and \$100,000 at a Republican dinner scheduled for March 24, 1971. Prior to March 22, 1971 dairy cooperatives did not purchase tickets to the dinner. On March 22, 1971 AMPI treasurer Bob Lilly drew checks totalling \$10,000 for tickets to the dinner. Lilly has testified that this was the usual amount that would normally have been contributed.

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27. On March 22, 1971 Whitaker sent the President a memorandum for the President's meeting with AMPI officials scheduled for the following day. The memorandum stated that the dairy lobby had become very strong and lately had decided, like organized labor, to spend a lot of political money. The memorandum also stated that Ehrlichman, Shultz, Cashen, Assistant OMB Director Rice and other White House officials had met with Hardin and Under Secretary of Agriculture Campbell on the problem on March 19, 1971 and recommended that the President hold the line, listen to the dairymen's arguments, and await developments on the bill in the next two weeks to see if the Democrats could move on the bill.

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27.1 Memorandum from John Whitaker to the President,  
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28. At approximately 10:16 a.m. on the morning of March 23, 1971 Secretary Connally spoke by telephone with the President. According to a memorandum by Whitaker, Connally suggested that the President go along with the dairymen he was scheduled to meet at 10:30 a.m. and announce that he was ready to go to 85% of parity (\$4.92).

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28.3 John Connally log, March 23, 1971 (received from SSC). ....	561
28.4 Memorandum from John Whitaker for the record, March 25, 1971 (received from White House). ....	562

29. On March 23, 1971 from 10:30 to 11:25 a.m. the President, Hardin, Shultz, Whitaker and other White House and Department of Agriculture officials met in the Cabinet Room of the White House with Nelson, Parr, Harrison and approximately 15 other representatives of AMPI and other dairy cooperatives. They discussed political support, price support levels and other matters.

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30. On March 23, 1971 from approximately 12:18 p.m. to approximately 1:07 p.m. the President met with Ehrlichman and Shultz in the Oval Office. At an unspecified time on March 23, 1971 the President had a telephone conversation with Colson.

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31. On March 23, 1971 from 5:05 to 5:35 p.m., the President met in his Oval Office with Ehrlichman, Connally, Hardin, Whitaker, Shultz, Campbell and Rice. They discussed changing the milk price support level.

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31.1 Tape recording of meeting among the President, John Ehrlichman, John Connally, Clifford Hardin, John Whitaker, George Shultz, J. Phil Campbell and Donald Rice, March 23, 1971, 5:05-5:35 p.m. and House Judiciary Committee transcript thereof.....	628
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32. On March 23, 1971 from 5:35 to 5:38 p.m. the President met with Connally in the Oval Office. At 5:50 p.m. Ehrlichman met with Colson and at approximately 6:00 p.m. Colson met with AMPI lawyer Chotiner. During the afternoon or evening of March 23, 1971 Under Secretary of Agriculture Campbell had a telephone conversation with Nelson. At some time on March 23, 1971 Connally had a telephone conversation with AMPI lawyer Jacobsen.

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32.4 Gary Hanman testimony, SSC Executive Session, May 21, 1974, 9-11. . . . .	690
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33. During the night of March 23, 1971 AMPI officials flew to Louisville, Kentucky, the home of Dairymen, Inc. (DI), another large milk producers cooperative and met at about 4:00 a.m. on March 24, 1971 with Paul Alagia, an official of DI who had attended the March 23, 1971 morning meeting with the President. They discussed political contributions including the possibility of an immediate contribution to purchase tickets to a Republican fundraising dinner to be held that evening. They also discussed loans among their organizations for the purpose of making contributions. During the afternoon of March 24, 1971 a DI contribution \$25,000 was flown to Washington and given to several Republican committees to buy seats to the dinner.

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34. Kalmbach has testified that pursuant to a telephone call he received from Ehrlichman on March 23, 1971, Kalmbach met with Ehrlichman at 5:30 p.m. on March 24, 1971 and was told by Ehrlichman that he would be meeting with Chotiner later that evening to receive a reaffirmation of the \$2 million pledge. During the night of March 24, 1971, following the Republican fundraising dinner, Chotiner, Kalmbach and AMPI General Manager Nelson met in Washington, D.C. in Kalmbach's hotel room. Kalmbach has testified that Chotiner said that in view of the price support decision to be announced the next day the milk producers were reaffirming to Kalmbach their pledge of \$2 million to the 1972 campaign. Chotiner has stated that as a result of a conversation with Ehrlichman he met with Nelson and Kalmbach and discussed contributions but they did not discuss price supports or a definite amount to be contributed. Nelson has testified that they met and discussed contributions. Kalmbach has testified that on March 25, 1971 he reported to Ehrlichman that Chotiner and Nelson had reaffirmed their \$2 million pledge to the campaign.

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34.4 Murray Chotiner deposition, <u>Nader v. Butz</u> , December 28, 1972, 23-26.* .....	751
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35. On March 24, 1971 Campbell sent to Rice a draft press release announcing an increase in milk price supports for use when action was completed on the subject. On March 25, 1971 the Secretary of Agriculture officially announced that the milk price support level for the 1971-72 marketing year would be \$4.93 per cwt. (approximately 85% of parity). Hardin has testified in an affidavit filed in civil litigation challenging the milk price support increase that he reevaluated the evidence regarding the milk price support level and that the decision to set the price support level at \$4.93 was based entirely on a reconsideration of the evidence on the basis of the statutory criteria.

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36. Between March 30, 1971 and August 5, 1971 Harrison and Chotiner transmitted to AMPI the names of 100 political committees to receive contributions and over spring and summer of 1971 AMPI and the other dairy cooperatives made contributions of \$2,500 each to the committees. The names and charters of the committees were prepared by Presidential campaign fundraisers Bob Bennett and Hugh Sloan with the assistance of John Dean. Haldeman received reports from Dean and Strachan regarding the collection and handling of the milk money. On September 11, 1971 Strachan sent a memorandum to Haldeman stating that fundraiser Lee Nunn reported that \$232,500 of milk money had been realized. Strachan stated that this was slightly more than one-half of the amount that should have been realized on the commitment (\$90,000 per month). Throughout this period dairy cooperative representatives referred to the commitment to make contributions to the President's reelection campaign.

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36.5	Letter from Hugh Sloan to John Dean, April 12, 1971 with attachment (received from SSC).....	302
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37. In August 1971 Colson asked that AMPI make a contribution to People United for Good Government, a political committee, without specifying the purpose of the contribution. On September 2, 1971 AMPI contributed \$5,000 to People United for Good Government. Without the knowledge of AMPI officials, this money was later used to reimburse Joseph Baroody of Wagner & Baroody for funds he had loaned to Colson. The loan had been used to pay expenses incurred by the White House Special Investigations Unit (the "Plumbers") in connection with the break-in of the offices of Daniel Ellsberg's psychiatrist.

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38. On September 3, 1971 the President delivered a speech to the AMPI convention in Chicago, Illinois.

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39. In mid-September 1971 newspaper articles were published about AMPI's contributions suggesting they influenced the March 1971 milk price support decision. According to reports filed with the Clerk of the House of Representatives, AMPI made no direct contributions to the President's re-election campaign after September 10, 1971.

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Note: The Committee has on file copies of the TAPE (AMPI political trust) reports to the Clerk of the U.S. House of Representatives.

40. On November 22, 1971 Deputy Assistant to the President John Whitaker prepared and signed a "Memorandum to the President's File" dated that day regarding the President's afternoon meeting of March 23, 1971 on milk price supports. Thereafter the memorandum was re-dated to March 23, 1971. On July 11, 1973 the file copy of the memorandum dated November 22, 1971 was listed under claim of executive privilege in civil litigation in United States District Court challenging the March 1971 milk price support decision as being unlawfully based on political considerations. On November 16, 1973 Special Counsel to the President J. Fred Buzhardt filed the affidavit informing the court of the fact that the memorandum had been re-dated. Buzhardt stated in the affidavit that it had been informally ascertained from the originator of the memorandum that the date on the original was apparently changed by persons unknown.

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41. On January 24, 1972 a civil suit was filed in United States District Court for the District of Columbia challenging the March 1971 milk price support increase as unlawfully based on political considerations and campaign contributions. After February 1, 1972 Counsel to the President John Dean reported regularly on the litigation to Haldeman and Ehrlichman.

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42. In January and February 1972 Kalmbach and AMPI representatives discussed procedures whereby AMPI could resume making political contributions without the contributions being made public. In March or early April 1972, following attempts by AMPI to get the Department of Justice to drop an antitrust suit against AMPI, Kalmbach told AMPI representatives that he would not accept additional AMPI contributions.

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42.6 Jake Jacobsen testimony, SSC Executive Session, December 14, 1973, 159-62. ....	938
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43. On the list of pre-April 7, 1972 contributions prepared by the Finance Committee to Re-elect the President and sent to the President's personal secretary, Rose Mary Woods, contributions by the dairy organizations are listed separately under the heading: "house account."

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44. On October 21, 1972 Lee Nunn, who had taken over Kalmbach's responsibilities as a major Presidential campaign fundraiser, met with AMPI General Manager George Mehren and asked AMPI to make an additional substantial contribution to the President's re-election campaign. Nunn has testified that when Mehren stated AMPI could not make additional contributions to Presidential candidates, Nunn suggested that AMPI make a contribution to the Republican Congressional and Senatorial campaign committees. Nunn has testified that he reported to Maurice Stans, Chairman of both the Republican National Finance Committee and the Finance Committee to Re-elect the President, that AMPI could not contribute to the Presidential campaign but would probably contribute to the Congressional campaigns and that Stans told Nunn to contact the two Republican Congressional campaign committees and see if they could not make some repayment on loans that had been advanced.

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45. On October 27, 1972 AMPI contributed over \$300,000 to the Republican Senatorial and Congressional campaign committees. Thereafter \$200,000 was used by the Congressional and Senatorial campaign committees to repay loans from the Republican National Finance Committee. On November 6, 1972 and November 13, 1972, \$200,000 was transferred by the Republican National Finance Committee and its subsidiary Republican Campaign Committee to the Finance Committee to Re-elect the President.

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STATEMENT OF INFORMATION

AND

SUPPORTING EVIDENCE

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POLITICAL CONTRIBUTIONS BY

MILK PRODUCERS COOPERATIVES:

THE 1971 MILK PRICE SUPPORT DECISION

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Part 1



1. Prior to August 2, 1969 Milton Semer, a lawyer for the predecessor organization of Associated Milk Producers, Inc. (AMPI), a large milk producers' cooperative, told Herbert W. Kalmbach, the President's personal attorney and political fundraiser, that Semer's client wanted to make a political contribution. Semer told Kalmbach that his client had three goals: (1) milk price supports at a level of 90% of parity; (2) a Presidential address to the AMPI convention the following year; and (3) some identity or audience with the President, such as picture taking and the ability to talk to various people within the White House. Kalmbach has testified that he informed Haldeman of AMPI's goals and its desire to make contributions and that Haldeman authorized Kalmbach to accept the contribution. Haldeman has stated that Kalmbach reported to him generally on fundraising activities but that he does not recall Kalmbach's reporting on the milk producers' contribution.

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IN EXECUTIVE SESSION

OR

TESTIMONY OF MILTON P. SEMER  
BEFORE THE SELECT COMMITTEE ON PRESIDENTIAL  
CAMPAIGN ACTIVITIES, U. S. SENATE  
FEBRUARY 8, 1974

My name is Milton P. Semer; I am an attorney practicing law in Washington, D. C. I am appearing to describe my relationship with a former client, the Associated Milk Producers, Inc. of San Antonio, Texas.

From discussions with your staff, I understand your interest in my testimony to center on representation of the client during 1969 and 1970.

Also, in light of your staff's interest, I should note that in 1968 I was Treasurer for Senator Muskie's Vice Presidential campaign, and when Senator Muskie ran for reelection to the Senate in 1970, I was Treasurer of the Muskie Election Committee.

Attached to my statement are copies of letters from the client to this Committee's staff setting forth the extent to which the client has waived the attorney-client privilege in connection with my testimony.

My relationship with the client commenced on March 21, 1969, when representatives came to see me in Washington. We discussed how our Washington firm might assist them, when circumstances required, in making a persuasive case on the merits to the Federal Government on substantive issues of interest to them, including price supports and import competition. In part, it appeared that this would involve presenting their arguments to the White House — which, during the Kennedy and Johnson Administrations, had actively participated in decisions on such issues, and presumably would continue to do so.

At the same time, it was explained to me that the client was organizing a political fund, the Trust for Agricultural and Political Education, to raise funds from their members for distribution to candidates of both major parties in local, State, Congressional, and Presidential campaigns. TAPE was described to me as a fund modeled after the AFL-CIO's Committee for Political Education, COPE, whose purpose would be to support and win friends on Capitol Hill and in the Administration and promote the milk farmer's position on the issues.

Shortly after my initial meeting with the client, I began an unsuccessful effort to help it find out how the White House was to be organized, and to whom it should make its case.

*Since SSC 2/19/74*

NOTE: AT MILTON SEMER'S EXECUTIVE SESSION TESTIMONY BEFORE THE SENATE SELECT COMMITTEE ON FEBRUARY 5, 1974, THE ABOVE STATEMENT PROVIDED BY SEMER WAS INTRODUCED INTO EVIDENCE AS EXHIBIT 1.

DR

I have related the details of these efforts to your staff, and my purpose in this statement is to highlight the basic events in the chronology.

On October 25, 1968, just before the Presidential election, I called Mr. John Mitchell who had served on an advisory committee when I was General Counsel of the housing department in the early 1960's. I phoned him at the behest of a client wishing to contribute to the Nixon campaign. Mr. Mitchell had put me in touch with Mr. Maurice Stans, who in turn referred me to Mr. Jack Gleason.

On March 25, 1969, following my initial meeting with the client, I called Jack Gleason at the White House to describe my firm's new client and its interest in finding out to whom at the White House it should direct its case. Mr. Gleason in turn suggested I deal with Mr. Herbert Kalmbach, and it shortly was arranged for me to meet Mr. Kalmbach in Washington.

On April 3, 1969, I explained to Mr. Kalmbach the interests of my client. Mr. Kalmbach did not ask for a political contribution, but did inquire about the contribution potential of the client's political trust fund, TAPE.

On July 10, 1969, I visited with Mr. Kalmbach at his office in Newport Beach, California. On this occasion Mr. Kalmbach inquired how TAPE's fund-raising was progressing. When I explained that my client hoped its trust fund would collect sufficient funds to make contributions to a large number of candidates of both parties at all levels of government, Mr. Kalmbach told me that contributions would be appreciated by the Administration.

At this time it was my understanding, and I thought it was Mr. Kalmbach's, that the client would be making, through its trust fund, a series of political contributions to committees for 1970 Congressional candidates, to be reported by TAPE and by the recipient committees. It had been a common practice for past Administrations to "piggy-back" such contributions — that is, to transmit them through the incumbent Administration, allowing it to share credit for the contributions with the donor — and I had discussed this political technique both with the client and with Mr. Kalmbach.

Thus it was that on August 1, 1969, I flew to Dallas, Texas, to receive from the client for delivery to Mr. Kalmbach the next day a contribution of one hundred thousand dollars in cash. Although more than a little surprised at the amount, which was much larger than I had supposed it would be, I delivered the funds to Mr. Kalmbach as I had agreed to do. Neither then nor later did he tell me anything inconsistent with my understanding of the nature of this transaction, as summarized above.

2092

and in Arizona. In 1967, the present firm of Kalmbach, DeMarco, Knapp & Chillingworth was founded with offices in Los Angeles and Newport Beach. Also, for more than 20 years, I have been active in political work—particularly in recent years in the area of campaign finance.

Since early 1969, I have been engaged in activities on the President's behalf in three major areas.

First, it has been the source of great pride and personal satisfaction to me and to my partners to have had the responsibility for handling personal legal matters for President Nixon and members of his immediate family for the past 4 years. During this period, practically all of the contacts that I had relative to these matters were handled through either John Ehrlichman or John Dean.

Second, I acted as trustee during the period from January of 1969 to early February of 1972 for certain surplus funds which had accrued principally from the primary period of the 1968 campaign. While Maurice H. Stans was the individual with whom I dealt at the time I accepted such trusteeship, I disbursed from such funds only at the express direction of H. R. Haldeman or others clearly having the authority to direct such disbursements.

Third, I agreed to solicit early pledges of financial support for the President's 1972 campaign beginning in November of 1970. This assignment was completed in the spring of 1972. The original records of this activity were turned over to the finance committee after Mr. Stans had assumed the post of finance chairman on February 15, 1972. I thereupon directed my secretary to destroy my files which were wholly personal and supportive of the original files earlier transferred to the finance committee. This action on my part was intended to insure the continued confidentiality of the contacts that I had had with various contributors with whom I had dealt during this period. Copies of what remaining records I have and such bank records as I have been able to retrieve have been supplied to the committee's staff prior to my appearance here today.

Finally, I want to take this opportunity to deny any prior knowledge of the Watergate break-in, in or participation in, the formulation of any planned conspiracy to cover up that incident or act of campaign sabotage or unethical activity. My actions in the period immediately following the break-in which involved the raising of funds to provide for the legal defense of the Watergate defendants and for the support of their families were prompted in the belief that such was proper and necessary to discharge what I assumed to be a moral obligation that had arisen in some manner unknown to me by reason of earlier events. The fact that I had been directed to undertake these actions by the No. 2 and No. 3 men on the White House staff made it absolutely incomprehensible to me that my actions in this regard could have been regarded in any way as improper or unethical.

I am here before you today to tell the truth about my activities during the period in question. It is not my purpose to testify for or against any individual. I wish to cooperate fully with the committee, and in that spirit, I am now ready to answer your questions to the very best of my ability.

Thank you.

Mr. DASH. Thank you, Mr. Kalmbach.

1 Mr. Kalmbach. Yes, and of course these funds came into  
2 my -- under my control at a later date subsequent to that  
3 January 14th, 1969 meeting with Mr. Stans.

4 Mr. Weitz. Now, did there come a time, in 1969, when you  
5 were contacted by a representative of the Dairy Lobby, or  
6 Dairy Industry?

7 Mr. Kalmbach. Yes, on or about April -- the early part  
8 of April -- as I remember it. I was contacted by telephone  
9 by a man by the name of Milton Semer, S-e-m-e-r, who identified  
10 himself as an attorney in Washington, D. C., and indicated,  
11 as I remember it, that he was calling at the suggestion of  
12 John Mitchell.

13 Mr. Weitz. Did he say in what connection he was calling  
14 you?

15 Mr. Kalmbach. No, he did not. As I recall that very  
16 first telephone conversation, I think I was at the Madison  
17 Hotel and he called me from his office, which, as it turned  
18 out, is right across the street. And as a result of that  
19 conversation we met in the Madison Hotel Coffee Shop, I think  
20 within either that day or the next day, for ten or fifteen  
21 minutes as I remember it.

22 And I think it was at that time that he identified himself  
23 as an attorney, or the attorney, for the milk producers.

24 Mr. Weitz. What was the purpose of his contact, did he  
25 indicate what he wanted to discuss with you, or what in fact,

1 did you discuss with him?

2 Mr. Kalmbach. Yes, he indicated, in the coffee shop,  
3 that his client, or clients -- I don't remember if he was  
4 representing more than one of the milk cooperatives, or not,  
5 but he indicated that his client, or clients, wanted to make  
6 a contribution and that he had been referred to me by John  
7 Mitchell, who he said was a friend of his.

8 Mr. Weitz. Did he indicate anyone else in the White House  
9 with whom he had talked, and who might have suggested that he  
10 contact you, that you recall at this point?

11 Mr. Kalmbach. I don't recall it. He might have mentioned  
12 Jack Gleason, but my best memory is that he said that he was  
13 calling -- had called me at the suggestion of John Mitchell.

14 Mr. Weitz. Did he discuss in that first conversation  
15 anything with respect to the organization or political activity  
16 of his client?

17 Mr. Kalmbach. I think that he said that -- words to the  
18 effect that his client, or clients, had been very much involved  
19 in the 1968 election, but that they had been on the side and  
20 had been very supportive of Senator Humphrey in that campaign.  
21 And now, words to the effect, that they were without friends  
22 in the Administration and this was the reason they wanted to  
23 make a contribution.

24 Mr. Weitz. Did they indicate -- did Mr. Semer indicate  
25 the amount of the contribution, or the range of the contribution?

1 Mr. Kalmbach. I seem to recall that at that first meeting  
2 he indicated \$100,000.00, but I'm not certain on that -- of  
3 the early April meeting.

4 Mr. Weitz. Did he specify the recipient, or the intended  
5 purpose or use of the funds?

6 Mr. Kalmbach. No, he did not. He simply used the word  
7 "contribution", and, again, as I say, he told me that he had  
8 been referred to me by John Mitchell. And I don't recall that  
9 he indicated any use of the funds, other than categorizing  
10 the funds as a contribution.

11 Mr. Weitz. And was it your understanding that it was at  
12 least for the purpose, or in connection with, the matter of  
13 counteracting the fact that they had no friends, so to speak,  
14 as he put it, in the Administration?

15 Mr. Kalmbach. Yes.

16 Mr. Weitz. Did he say in what form he intended to make  
17 the contribution?

18 Mr. Kalmbach. Again, on this my memory is that he indi-  
19 cated that -- and I don't know whether it was at this conversa-  
20 tion or a subsequent conversation. We had several conversa-  
21 tions, many conversations, in fact, prior to the time that I  
22 actually received the funds in August of 1969. And either  
23 at the -- at this very early time, or subsequently, at some  
24 point, it's my memory -- and my best memory -- that it became  
25 clear that they were talking of contributing cash as their

1 contribution.

2 Now, one of the reasons, as I try to reconstruct this in  
3 my mind and it's of course five years old now, is that there  
4 were no Committees outstanding that could receive those funds  
5 that I know of, and it's just my memory that he suggested cash  
6 And that is my best memory now.

7 Mr. Weitz. When you took over responsibility as trustee  
8 for the surplus funds from the 1968 campaign, or at anytime  
9 thereafter, in connection with that responsibility, did you  
10 have any discussions with either Mr. Haldeman, Mr. Stans, or  
11 anyone else in connection with the preferred form of monies  
12 that you would either handle or receive from the outside?

13 Mr. Kalmbach. Yes.

14 At the outset it was made clear to me that Mr. Haldeman  
15 would be the one to whom I would report as far as my duties  
16 as trustee for these funds. And Mr. Haldeman made it clear to  
17 me in many conversations that I was to retain the nature of  
18 the funds as I received them, insofar as it was possible for  
19 me to do so. By that I mean that the cash I received should  
20 remain as cash, and there was a checking account that I was --  
21 that was established in New York City, some \$570,000.00, and  
22 that was to remain as a checking account until I was ordered  
23 to change that, by him.

24 But it was credited. Cash was to remain cash and  
25 the check was to remain in that form.

1 Thank you.

2 Mr. Weitz. Just one more question before we leave this  
3 area. From the cash in these various safe deposit boxes during  
4 the period from 1969 to 1972, I take it that it was those funds  
5 that were used for purposes such as disbursements to Anthony  
6 Ulasewicz and also part of the funds disbursed for the candidacy  
7 of Governor Brewer in Alabama in 1970?

8 Mr. Kalmbach. That is correct.

9 Mr. Weitz. Now, returning to the contacts between you and  
10 Mr. Semer on behalf of the dairy cooperative in 1969, did you  
11 have occasion to meet with Mr. Semer out in California before  
12 the delivery of the contribution?

13 Mr. Kalmbach. Yes, and my memory has been refreshed on  
14 that from notes, and I find that I think I met him in early  
15 July of 1969 in Newport Beach, California, and then I met him  
16 on or about August 2, I think, of 1969 in Newport Beach.

17 Mr. Weitz. Now, in the conversations and meetings leading  
18 up to the actual delivery of the contribution, is there anything  
19 else that you can now recall that took place or was discussed,  
20 in addition to what you have already mentioned?

21 Mr. Kalmbach. Well, yes. I think, again from my memory  
22 being refreshed, I find that at some point, and I think more  
23 than once, it was stated to me by Mr. Semer that his client or  
24 clients were talking of contributing in the aggregate or as  
25 a goal figure for 1969 \$250,000. And he gave me a range, as I

1.3 HERBERT KALMBACH TESTIMONY, MARCH 22, 1974, SSC EXECUTIVE SESSION, 3-6,  
10-13

1 remember, of from \$100,000 to \$250,000 that they had as their  
2 goal to contribute in 1969, by 12-31-1969.

3 Also, my memory is now refreshed, and it's my recollection  
4 that the made it clear to me that he had three objectives in  
5 mind. He, as the attorney for these clients; these objectives  
6 were, one, I think 90 percent of parity was a goal. Two was  
7 that they would like to have the President address their con-  
8 vention, I think, the convention that was scheduled to be held  
9 in Kansas City the next year. And three, that they wanted to  
10 have some identity or an audience or --

11 Mr. Weitz. Contact.

12 Mr. Kalmbach. -- contact with the President so that they  
13 could meet him. And, of course, that was also included. And  
14 they wanted to be able to talk to various people within the  
15 White House, meaning Milton Serner and his clients making their  
16 case.

17 Mr. Weitz. And the range of \$100,000 to \$250,000 was  
18 in no way distinguished from the original discussion, in terms  
19 of amount, source, use of the money, than the original \$100,000  
20 figure mentioned by Mr. Serner?

21 Mr. Kalmbach. It was not.

22 Mr. Weitz. Do you remember any discussions with Mr. Serner  
23 before or at the time of the delivery of the contribution of  
24 any alternate method of reporting or receipt of the monies to  
25 committees and so forth?

1 Mr. Kalmbach. Absolutely not. He transferred the funds  
2 to me on or about August 2, and there was no mention of any  
3 reporting requirements or no request for a receipt for funds at  
4 all that I can remember.

5 Mr. Weitz. Do you recall any discussion as to the source  
6 of the funds?

7 Mr. Kalmbach. No, I do not.

8 Mr. Weitz. What was your understanding of the source of  
9 the money?

10 Mr. Kalmbach. My understanding of the source of the money  
11 was from his clients, and beyond that I have no memory at all  
12 of him telling me how these funds were in fact raised.

13 Mr. Weitz. Do you remember any discussion as to the  
14 existence of political trusts as adjuncts to the cooperatives?

15 Mr. Kalmbach. Yes, I do, and I think at some point during  
16 these rather -- and there were numerous conversations that I  
17 had with Mr. Semer, dating from early April through to the time  
18 that I received the \$100,000 in cash -- that at various points  
19 during this time, he gave me background on the way these people,  
20 these cooperatives, raised political funds.

21 Mr. Weitz. But at no time did he specify, and particularly  
22 at the time of the delivery of the money, did he specify the  
23 source of the money?

24 Mr. Kalmbach. No, I have no memory at all that he told  
25 me of the source of it, that it was just my understanding that

1 these funds had come from his clients.

2 Mr. Weitz. Did you understand whether or not there were  
3 more than -- whether there were as many as 20 sources for the  
4 money?

5 Mr. Kalmbach. No, I did not understand that. Again, as  
6 I say, I don't remember that he particularized as to the source  
7 and it was just my assumption that he obtained these funds from  
8 his clients. But I was not aware of how, in fact, they were  
9 obtained.

10 Mr. Weitz. Now, you've mentioned -- but first, before we  
11 get to that -- before receipt of the money, did you check with  
12 or report to Mr. Haldeman with respect to the offer of a con-  
13 tribution offered by Mr. Semer?

14 Mr. Kalmbach. Of course.

15 Mr. Weitz. Did you explain to him what you've told us  
16 today?

17 Mr. Kalmbach. I did. I told Mr. Haldeman that I had  
18 been approached by Mr. Semer and I know, too, that I talked to  
19 I confirmed with Mr. Mitchell that Mr. Semer was known to him,  
20 and I did talk to Mr. Mitchell, I think it was within a day or  
21 two after I talked to Mr. Semer, just to make certain that this  
22 person was what he said he was. And it's my clear memory that  
23 Mr. Haldeman authorized me to receive any contribution that was  
24 offered by these people.

25 Mr. Weitz. Did you also indicate to Mr. Haldeman, discuss

Wednesday 4-2

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Friday, 4-4

1 Mitchell's Silver AC May, 766

② Business  
expense

Green Blk. - U.S. Rep to Union

4/8 Chas. T. Patrick: Bayan

How is the Transition fund  
coming? We did have  
\$1,150,000 in the fund. What  
is the balance? What is the  
state of our payables?

Transfer all in the  
money out of the 3 states  
into one account NYC  
✓ Bill. Del. from NY

✓ Wood \$1083.70 Amount  
PPK  
✓ 583.70 to Nittler  
✓ 50.00 to you  
✓ + any additional

✓ 3 Harry Flemming	
✓ 4. Kings Green & Dugan - Box 360	
✓ 5. P.C. Box 83 - Kings Green	15th Nov 1
Medbury.	N.A.C. on

Call Harry Flemming

Pymtes  
 Nelson  
 Fisher  
 Stone  
 Thomas  
 Karkay  
 Evans  
 Callman  
 Liedtke  
 McIlwain  
 Duke Lutz

1 Jack Gleason  
2 J. Patrick Hayden  
3 Edson Kuehl Jr  
4 White House Liaison  
5 Doug Hq.

1.4 HERBERT KALMBACH CALENDAR, APRIL 2-4, 1969, JUNE 12-13, 1969, JUNE 28, 1969, JULY 10, 1969, AUGUST 2, 1969

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DATE	TIME	EVENTS
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Thursday, 6-12

74

1.4 HERBERT KALMBACH CALENDAR, APRIL 2-4, 1969, JUNE 12-13, 1969, JUNE 28, 1969, JULY 10, 1969, AUGUST 2, 1969

THE RECORDPATE CO., PASADENA, CALIF., U.S.A. NO. 699

DATE: *Saturday, 6-28*

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Thursday, 7-10

8<sup>30</sup> meditation

9:30

Coc

6:40

9:30

9:30

10:30 Lunch 10:30

12<sup>30</sup> Lunch with

9:30

9:30

9:30

Sat, 8-2

① Mike + Elms to meet with  
Harry Kent & Jack Henson:

② Topics Mike + Elms:

(a) 90% price supports for  
dairy farmer.

(b) P.R. to address gathering  
in Kansas City, Mo. a  
meeting of dairy farmer  
cooperative organized by  
Mike + Elms, Mo.  
(approx date)

(c) Negotiations with the  
President - present talking  
etc.

tives of some dairy cooperatives?

STATEMENT OF H. R. HALDEMAN; ACCOMPANIED

BY FRANK H. STRICKLER, COUNSEL

Mr. Haldeman. I am not able to identify either time or individual as to when and how I became aware of the interest on the part of the dairy industry or intention on the part of the dairy industry to supply contributions.

I did at some point become aware of that. I don't believe it was in 1969. I would expect it was probably in '70.

Mr. Weitz. Let me ask you this.

Are you aware that the hundred thousand dollars in cash was delivered by a representative of the dairy industry to Mr. Kalmbach?

Mr. Haldeman. In 1969?

Mr. Weitz. In 1969.

Mr. Haldeman. I don't recall that. I am not currently aware of it. That is something I may or may not have known at the time, and I have no recollection of knowing it.

Kalmbach reported some things to me, he generally kept me informed on what he was doing --

Mr. Weitz. Do you recall whether in 1969 he asked your advice or notified you of any contacts he was having in connection with soliciting contributions, contributions for the trust account, or whether or not they were with regard to the trust account in general?

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House Judiciary Committee staff

Mr. Weitz. Are you suggesting that you thought that you would be asked to retain Mr. Kalmbach, AMPI would be asked to retain?

Mr. Nelson. That's one of the possibilities that -- yes, we weren't sure.

Mr. Weitz. How would he effect your access to the Administration?

Then Mr. Kalmbach would act on your behalf as your attorney?

Mr. Nelson. Mr. Kalmbach or someone associated with him.

Mr. Weitz. I see.

Now, could you tell us what transpired in that context?

How many contacts were there, do you know, between Mr. Semer or anyone else on your behalf in 1969 and Mr. Kalmbach?

Mr. Nelson. Well, no, I don't. I don't know how many contacts. I know that Mr. Semer came back and said that it had been suggested that he see Mr. Kalmbach. As I recall, at the time he didn't tell us it was Mr. Kalmbach. He said, see a California lawyer. He may have said Kalmbach. I don't really think so at that time. And I don't know whether he told Mr. Jacobsen or whether he told me. I rather think it was Mr. Jacobsen that he told.

And so we said, go ahead and see, which he did. And then, as I recall, he came back and said, if we want to go forward with the relationship, that we should deliver \$100,000 in cash.

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House Judiciary Committee staff

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House Judiciary Committee staff

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Mr. Weitz. This was Mr. Kalmbach's suggestion to Mr.

Semer?

Mr. Nelson. Yes, sir.

Mr. Weitz. Which Mr. Semer in turn related to you?

Mr. Nelson. Related to me.

Mr. Weitz. Through Mr. Jacobsen?

Mr. Nelson. Either way. He may have related it to me personally. It was either through Jacobsen or personally. I don't recall which it was.

Mr. Weitz. Now, before Mr. Semer made contact with Mr. Kalmbach, did he tell you what Mr. Mitchell had suggested?

First of all, were there any --

Mr. Nelson. Yes, he told us that Mr. Mitchell had -- as I recall, he said that he went to Mr. Mitchell. I don't remember whether at that time he told me that, or whether I found that out after we got involved in all of this, and I started trying to recall them talking to them about how it happened. It may be that I found out that it was actually Mitchell that he talked to after I first talked to you, or just prior to that sometime. Anyway, it is my present understanding that he talked to Mitchell, is who he talked to.

Mr. Weitz. Do you know whether Mr. Mitchell suggested or discussed anything else with him besides contacting Mr. Kalmbach?

Mr. Nelson. No.

Mr. Weitz. Now, you say it was -- the two possibilities, as

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House Judiciary Committee staff

1 Mr. Kalmbach. Yes, sir; I think that my notes so reflect  
2 that fact.

3 Mr. Sanders. And I believe you indicated that Mr.  
4 Haldeman was made aware of these objectives of Mr. Semer, and  
5 that he assented to appointments being scheduled for the  
6 presentation of those objectives.

7 Mr. Kalmbach. I want to make it clear, Mr. Sanders,  
8 that when I spoke to Mr. Haldeman about my contact and contacts  
9 with Mr. Semer relative to this contribution by the Milk Producers  
10 that I made it clear to Mr. Haldeman that Mr. Semer had been  
11 referred to me by Attorney General Mitchell; and that my purpose  
12 in speaking to Mr. Haldeman was to get his authorization for me  
13 to, (a) receive this contribution from this contributor, the  
14 Milk Producers through Mr. Semer, their attorney; and (b) that  
15 in return for that contribution it would be possible for me to  
16 arrange for several appointments with various people within the  
17 White House in order for Mr. Semer and the attorneys for the  
18 Milk Producers to meet with the White House officials to present  
19 a case on their behalf.

20 I never at any time indicated to Mr. Haldeman, as I  
21 remember it, that the quid-pro-quo for the receipt of this  
22 contribution would be the attainment of the three stated  
23 objectives.

24 Mr. Sanders. Did Mr. Haldeman ever give you any  
25 understanding that their objectives would be met?

1 Mr. Kalmbach. No, he did not.

2 Mr. Sanders. Did Mr. Ehrlichman ever give you any under-  
3 standing in advance of the Semer delivery that the objectives  
4 would be met?

5 Mr. Kalmbach. No other than Mr. Haldeman indicated to  
6 me it would be -- that the objective of Mr. Semer meeting  
7 with various people within the White House would be met.

8 Mr. Sanders. But not that their ultimate objectives  
9 would be.

10 Mr. Kalmbach. That is correct.

11 Mr. Sanders. Did any White House official give you an  
12 understanding that their ultimate objectives would be met?

13 Mr. Kalmbach. No, sir.

14 Mr. Weitz. I take it all of these questions apply to  
15 1969, or prior to the receipt of the contribution?

16 Mr. Sanders. Yes.

17 Did you have any written communications with anyone  
18 in the White House concerning the anticipated receipt of this  
19 contribution?

20 Mr. Kalmbach. I don't believe I did, Mr. Sanders;  
21 I have no recollection of any such written memorandum, or  
22 memoranda, or letters.

23 However, my diaries, I think, clearly reflect the  
24 number of people, the number of times I raised the matter of  
25 Mr. Semer, and the prospective contribution by his clients,

## AGREEMENT OF MERGER and PLAN OF REORGANIZATION

This AGREEMENT OF MERGER and PLAN OF REORGANIZATION (hereinafter sometimes called "Agreement") by and between the parties whose names appear on Exhibit "A" attached hereto and incorporated herein as fully as if set out herein verbatim:

Each acting pursuant to resolution of its Board of Directors pursuant to the authority given by and in accordance with the provisions of applicable state law.

### WITNESSETH:

WHEREAS, as a part of the Plan of Organization adopted by the Boards of Directors of the Association Parties hereto respectively, and to be ratified, confirmed, and adopted by the members of the respective Associations, or duly authorized and qualified delegates representing members, all of the assets and operating facilities of each association are to be combined or merged into the common ownership and control of one Association, to be named and known as ASSOCIATED MILK PRODUCERS, INC. (sometimes called "New Association"), to be incorporated in the State of Kansas, and to be qualified to engage in business in such other states as may be encompassed by its business operations; and

WHEREAS, the Association Parties hereto deem it advisable for the general welfare and advantage of the parties hereto and their respective members, that the merger of assets and facilities (subject to the assumption of liabilities and obligations pertaining thereto) provided for in this agreement be effected;

NOW THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties hereto do hereby agree as follows:

### TERMS:

1. That it is the intent of this agreement to effect a tax-free organization under Section 368 of the Internal Revenue Code; and said agreement contemplates a genuine corporate reorganization, designed to effect a readjustment of continuing interests under a new corporate form, and further, that the merger of the assets (and liabilities and obligations) and the continuation of the marketing or processing or other activities heretofore conducted by the respective associations shall be accomplished in a manner so as to preserve and continue the merged organization so as to qualify as a farmer's cooperative under Section 581 of the Internal Revenue Code; and further, that it is the intent of this agreement to continue, collectively, the activities heretofore conducted by each of the said associations to as to be within the purview of the authority and powers granted to agricultural associations under the provisions of Section 291 and 292 of the U. S. Code (known as the Cooper-

Volstead Act) and which is referred to in Federal Milk Marketing Orders and Agreements under which these Associations operate or may operate.

2. Except as herein specifically provided, the Articles of Incorporation and Certificate of Incorporation of Associated Milk Producers, Inc., in effect on the effective date of this merger, shall be and remain the Articles of Incorporation and Certificate of Incorporation under which the business of this new association shall be conducted, subject, however, to amendment from time to time in the manner now or hereinafter prescribed by law. It is recognized herein that the By-Laws of the new association having been heretofore agreed to shall be the By-Laws of said association, provided however, that this shall not affect the alteration and amendment or repeal of such By-Laws as provided therein, or as otherwise provided by law.

3. All assets of the Associations approving this plan, as they exist at the effective time of this merger, shall be retained by and/or passed to and vested in the new association; and the said association shall be responsible for all liabilities and obligations, including the obligations of the respective associations to patrons for retained proceeds; and in connection therewith the new association shall record on its books and records the amounts of credits to the accounts of individual patrons which shall be carried over and established in the same amount or amounts as their interests shall appear on the books of the merging associations at the effective date of the merger.

The association parties hereto agree that the retained proceeds then held by the new association, and representing allocations to individual patrons accounts for which certificates of equity or letters of advice or stock or credit have been issued, shall be payable (or redeemed in the case of certificates) only in such manner and at such time as may be authorized by resolution adopted by a majority of the members of the Board of Directors of the new association; provided, that the retained proceeds described above shall be paid or redeemed by the new association on the same schedule as they are currently being revolved or redeemed by the constituent association or within ten (10) years, whichever is less.

Whenever requested by the Board of Directors of New Association, each constituent corporation hereby authorizes its officers to transfer title to any property, real or personal, owned or under control of constituent corporation to the new association, and to perform such other acts as may be necessary to effect this merger.

Except as herein otherwise specifically set forth, the identity, existence, purposes, powers, franchises, rights and immunities of each of the foregoing associations shall cease and no longer exist on the effective date of this merger, except insofar as they may be continued by applicable statute, and on said effective date, shall become a part of the new association.

## 1.8 AMPI AGREEMENT OF MERGER AND PLAN OF REORGANIZATION

Harold L. Smith  
Route 1,  
Akron, Indiana 46910

Lyle F. Vinzy  
Route 1,  
Evansville, Wisconsin 53536

Avery A. Vose  
Route 2,  
Antioch, Illinois 60002

Ray Weiss  
Route 1,  
Spencer, Wisconsin 54479

W. T. Crouch  
Route 2, Box 547,  
Arlington, Texas 76010

Dwight Morris  
Route 3,  
Salem Springs, Arkansas 72761

Elbridge Sullivan  
Route 2, Box 27A,  
Lawton, Oklahoma 73501

Vic Costia  
Horn Lake, Mississippi 38637

Norman H. Barker  
Route 1,  
Pratt, Kansas 67124

George Knigge  
2522 Teague,  
Houston, Texas 77035

Joe E. Cain  
Route 1,  
Center, Oklahoma 73627

Louis Minders  
P. O. Box 157,  
Canyon, Texas 79035

Walter Zimmerman  
Route 1, Box 300,  
Kingsville, Texas 75363

Frank E. White  
Route 2,  
Cedar Vale, Kansas 67024

9. It is expressly understood, recognized, and agreed that the officers of the new association shall be as follows, and shall serve from the effective date of the merger until their successors are duly elected and take office as provided in the By-laws, to-wit: President, ROBERT B. ALEXANDER; First Vice President, ELBRIDGE SULLIVAN; Second Vice President, JOHN E. BUTTERBRODT; Third Vice President, MELVIN K. BEESMER; Secretary, DWIGHT MORRIS; Treasurer, AVERY A. VOSE. It is expressly recognized, understood and agreed that the new association shall employ HAROLD S. NELSON as General Manager of the new association, beginning on the effective date of this merger, by employment contract, the terms and conditions of which shall be forthwith determined and executed by the Board of Directors of the new association.

10. This AGREEMENT shall be submitted to a vote of the members of record, or the duly qualified delegates representing said members who are entitled to vote in respect thereof, of each association party hereto, in a manner so as to comply with the requirements of applicable law, and shall take effect and be deemed and taken to be the agreement and act of merger of the said association, upon the adoption thereof by the necessary vote of the aforesaid persons at meetings of each association, separately called and held as directed by resolutions of their respective Board of Directors, and in accordance with applicable state law, for the purpose of considering and voting for the adoption or rejection of this merger and doing such other acts and things, as may be required for the accomplishment and consummation of this merger.

11. If this agreement shall be abandoned for failure to obtain favorable rulings from any of the various governmental agencies applicable hereto, or by action of the Board of Directors, or the membership of any of the parties hereto, there shall be no liability on the part of the parties hereto or their directors or members by reason thereof. It is expressly provided that as a part of this plan of merger the membership of each constituent association (in its sole discretion) to effectuate and enter into this plan of merger with any one or more of the constituent associations adopting the foregoing plan of merger; and further, if all constituent associations hereto adopt this plan of merger, then and in such event, it shall be mandatory upon the Board of Directors of each constituent association to forthwith enter into and effectuate and consummate the foregoing plan of merger.

12. This agreement may be amended to comply with the requirements of governmental agencies and in other respects which in the opinion of counsel for the parties does not effect a substantial change in the agreement upon concurrence of the Board of Directors of the respective associations.

13. If the Producer members of each of the constituent associations approve this agreement and plan of merger in conformity with the procedures herein specified, all expenses, thereafter incurred in carrying this agreement into effect, shall be paid by the new association. All expenses prior to such approval, if any, shall be paid by the corporation incurring the same, and it is expressly agreed that each association will pay and discharge (as incurred) all of its own counsel fees, postage and other costs and expenses incidental to the compliance with the provisions of the applicable law, or incidental to the submission of this agreement and plan of merger to the respective producer members of the constituent associations.

14. For the convenience of the parties, and to facilitate the filing or recording of this instrument, any number of counterparts thereof may be executed or reproduced, and each executed counterpart or reproduction shall be deemed to be an original instrument.

### EXHIBIT "A"

COOPERATIVES ENTERING INTO AGREEMENT OF MERGER AND PLAN OF REORGANIZATION INTO NEW ASSOCIATION, ASSOCIATED MILK PRODUCERS, INC.

1. ALBION COOPERATIVE CREAMERY COMPANY, with its principal office in Edgerton, Wisconsin, a cooperative

## 1.8 AMPI AGREEMENT OF MERGER AND PLAN OF REORGANIZATION

poration, to-wit: ASSOCIATED MILK PRODUCERS, INC., a Kansas corporation, hereinafter sometimes referred to as the "New Association" and the other above and foregoing associations shall sometimes collectively be referred to herein as "Constituent Associations." The date upon which this merger shall be effective, if at all, shall be upon the completion of the issuance of the Certificates of Merger by the Secretary of State of the State of Kansas, which date on October 1, 1959, shall be the effective date of this Merger in the sole discretion of the Board of Directors.

2. Each of the associations shall maintain the status quo and none of the parties hereto, without the prior consent of the other party hereto, shall declare, pay, or make any distribution in cash between the date of this agreement and the time at which the merger provided for herein shall become effective, nor dispose of any of its assets in any manner except in the regular course of business and for adequate value.

5. The authority exercisable by the new association with respect to the marketing of milk or other agricultural products of members shall be pursuant to and in accordance with the membership contract, if any, held by the association parties herewith with the respective members, or in the absence of a written contract, the authority and powers of any association parties hereto with respect to its members and the By-Laws of the association. Said contracts and authority and powers shall continue in full force and effect; provided however, that the association parties hereto shall effectively make such assignment as may be required of their membership contracts, and of all rights, powers and obligations pertaining thereto or pertaining to members in such manner as to vest the new association with the said powers as were held by the assignor, including the right of the new association to vote the approval or disapproval of the producers signing such contracts, in matters pertaining to the issuance, amendment, suspension, or termination by the Secretary of Agriculture of orders regulating the handling of milk or any terms or conditions thereof, pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended. The new association may adopt a uniform membership contract for members or a certain class or classes of members, to be effective upon the execution by the association and respective members.

6. The Membership and Marketing Agreement, marked Exhibit "B" attached hereto and made a part hereof for all purposes, shall be the form of membership and marketing agreement of the new association, and shall be executed by such producer member of the new association within ninety (90) days from and after the delivery to such individual producer member (either in person or by mail) of such new membership and marketing agreement; if such individual producer member does not execute such new membership and marketing agreement within said time and after due notice of this provision of this agreement, and if he shall continue to market his milk through the new association, he shall be deemed, for all purposes, to have executed and be bound by the terms of said membership and marketing agreement attached hereto.

7. It is agreed by the constituent associations hereto that the pricing structure to be used by the new association to compute prices for milk paid to producers will be a common utilization with differentials based on the past experience of prices paid producers, all as conclusively determined by the Board of Directors, from time to time, so as to be equitable to all members.

8. The following named persons shall serve as a Board of Directors of the new association until the first membership meeting or until such time as their successors have been elected and qualified:

Robert B. Alexandar  
Route 3,  
Northfield, Minnesota 55057

Melvin K. Sesemer  
Route 1,  
New Ulm, Minnesota 56073

George Daley  
Lewiston, Minnesota 55952

Richard Kruschke  
Route 3, Box 87  
New Richmond, Wisconsin 54017

Laverne Ludwigson  
Route 2,  
Bloomer, Wisconsin 54724

Darold Nevin  
Route 1,  
Cumberland, Wisconsin 54829

Lawrence Olsen  
Route 2, Box 91  
Tyler, Minnesota 56178

Charles Schell  
Minneiska, Minnesota 55953

Delbert Smith  
Boyceville, Wisconsin 54725

Leo Urbanski  
Route 1,  
Rice, Minnesota 56357

James Baker  
Route 2,  
Burlington, Wisconsin 53105

Gregory Bieska  
Route 2,  
Marshall, Wisconsin 53559

John E. Butterbrodt  
Route 1,  
Burnett, Wisconsin 53922

Kelith King  
Onzida, Illinois 61467

Harold V. Cobbs  
Route 3  
Lodi, Wisconsin 53555

Haven Rice  
Route 2,  
Jamestown, Indiana 46147

Walter Schwock  
Route 2,  
Merrill, Wisconsin 54452

## 1.8 AMPI AGREEMENT OF MERGER AND PLAN OF REORGANIZATION

marketing association duly organized and existing under the laws of the State of Wisconsin.

2. ANTIGO MILK PRODUCTS COOPERATIVE, with its principal office in Antigo, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

3. BOYCEVILLE FARMERS COOPERATIVE CREAMERY ASSOCIATION, with its principal office in Boyceville, Wisconsin, a cooperative marketing association, duly organized and existing under the laws of the State of Wisconsin.

4. BURLINGTON COOPERATIVE PURE MILK ASSOCIATION, with its principal office in Burlington, Wisconsin, a cooperative marketing association, duly organized and existing under the laws of the State of Wisconsin.

5. CENTRAL INDIANA DAIRYMEN'S ASSOCIATION, with its principal office in Indianapolis, Indiana, a cooperative marketing association, duly organized and existing under the laws of the State of Wisconsin.

6. COULEE REGION ALL-JERSEY COOPERATIVE, with its principal office in West Salem, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

7. COLUMBUS MILK PRODUCERS COOPERATIVE, with its principal office in Astico, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

8. MADISON MILK PRODUCERS COOPERATIVE DAIRY, with its principal office in Madison, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

9. MILK PRODUCERS, INC., with its principal office in San Antonio, Texas, a cooperative marketing association duly organized and existing under the laws of the State of Texas.

10. NORTH CENTRAL DAIRYMEN'S CO-OP, with its principal office in Owen, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

11. PIGEON FALLS COOPERATIVE CREAMERY, with its principal office in Pigeon Falls, Wisconsin, a cooperative marketing association, duly organized and existing under the laws of the State of Wisconsin.

12. PURE MILK ASSOCIATION, with its principal office in Chicago, Illinois, a cooperative marketing association duly organized and existing under the laws of the State of Illinois.

13. ROCHESTER DAIRY COOPERATIVE, with its principal office in Rochester, Minnesota, a cooperative marketing association duly organized and existing under the laws of the State of Minnesota.

14. ST. CROIX VALLEY COOPERATIVE DAIRIES, with its principal office in Glenwood City, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

15. TWIN CITY MILK PRODUCERS ASSOCIATION, with its principal office in St. Paul, Minnesota, a cooperative marketing association duly organized and existing in the State of Minnesota.

16. TURTLE LAKE COOPERATIVE CREAMERY ASSOCIATION, with its principal office in Turtle Lake, Wisconsin, a cooperative marketing association duly organized and existing under the laws of the State of Wisconsin.

Q Now, when did you first become aware that these three dairy groups, ADEPT, TAPE and SPACE had made or were going to make contributions? I believe you testified that the first time you heard of them was in mid-1971?

A That is my recollection.

Q And was that also the first time you heard that they had made or were going to make contributions?

A Again that is as I remember it, Mr. Dobrovir.

Q Now were you told that they had made contributions?

A No, it was a very casual conversation, and I was simply asked to talk to a few people to see whether or not certain procedures were being set up, including committees, and that the administration was being had. I had no knowledge of any amount, and I had no knowledge of the conversations that had gone on beforehand, if any.

Q Whom were you asked to speak to?

A About that time I think I was asked to talk to Mr. Bennett. He was one of the people that I was asked to speak to.

Q Did you talk to Mr. Bennett?

A Yes, I did.

Q When was that?

A Again perhaps in mid-1971 and again I cannot state



2. On August 2, 1969 Semer on behalf of AMPI delivered \$100,000 in cash to Kalmbach. Kalmbach added the cash to the surplus funds from the President's 1968 campaign which were in Kalmbach's custody. Kalmbach used this fund on behalf of the White House for, among other things, making payments to Tony Ulasewicz and to the Albert Brewer campaign against George Wallace for Governor of Alabama in 1970.

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IN EXECUTIVE SESSION

TESTIMONY OF MILTON P. SEMER  
BEFORE THE SELECT COMMITTEE ON PRESIDENTIAL  
CAMPAIGN ACTIVITIES, U. S. SENATE  
FEBRUARY 8, 1974

My name is Milton P. Semer; I am an attorney practicing law in Washington, D. C. I am appearing to describe my relationship with a former client, the Associated Milk Producers, Inc. of San Antonio, Texas.

From discussions with your staff, I understand your interest in my testimony to center on representation of the client during 1969 and 1970.

Also, in light of your staff's interest, I should note that in 1968 I was Treasurer for Senator Muskie's Vice Presidential campaign, and when Senator Muskie ran for reelection to the Senate in 1970, I was Treasurer of the Muskie Election Committee.

Attached to my statement are copies of letters from the client to this Committee's staff setting forth the extent to which the client has waived the attorney-client privilege in connection with my testimony.

My relationship with the client commenced on March 21, 1969, when representatives came to see me in Washington. We discussed how our Washington firm might assist them, when circumstances required, in making a persuasive case on the merits to the Federal Government on substantive issues of interest to them, including price supports and import competition. In part, it appeared that this would involve presenting their arguments to the White House — which, during the Kennedy and Johnson Administrations, had actively participated in decisions on such issues, and presumably would continue to do so.

At the same time, it was explained to me that the client was organizing a political fund, the Trust for Agricultural and Political Education, to raise funds from their members for distribution to candidates of both major parties in local, State, Congressional, and Presidential campaigns. TAPE was described to me as a fund modeled after the AFL-CIO's Committee for Political Education, COPE, whose purpose would be to support and win friends on Capitol Hill and in the Administration and promote the milk farmer's position on the issues.

Shortly after my initial meeting with the client, I began an unsuccessful effort to help it find out how the White House was to be organized, and to whom it should make its case.

*Since SSC #1971  
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DR

I have related the details of these efforts to your staff, and my purpose in this statement is to highlight the basic events in the chronology.

On October 25, 1968, just before the Presidential election, I called Mr. John Mitchell who had served on an advisory committee when I was General Counsel of the housing department in the early 1960's. I phoned him at the behest of a client wishing to contribute to the Nixon campaign. Mr. Mitchell had put me in touch with Mr. Maurice Stans, who in turn referred me to Mr. Jack Gleason.

On March 25, 1969, following my initial meeting with the client, I called Jack Gleason at the White House to describe my firm's new client and its interest in finding out to whom at the White House it should direct its case. Mr. Gleason in turn suggested I deal with Mr. Herbert Kalmbach, and it shortly was arranged for me to meet Mr. Kalmbach in Washington.

On April 3, 1969, I explained to Mr. Kalmbach the interests of my client. Mr. Kalmbach did not ask for a political contribution, but did inquire about the contribution potential of the client's political trust fund, TAPE.

On July 10, 1969, I visited with Mr. Kalmbach at his office in Newport Beach, California. On this occasion Mr. Kalmbach inquired how TAPE's fund-raising was progressing. When I explained that my client hoped its trust fund would collect sufficient funds to make contributions to a large number of candidates of both parties at all levels of government, Mr. Kalmbach told me that contributions would be appreciated by the Administration.

At this time it was my understanding, and I thought it was Mr. Kalmbach's, that the client would be making, through its trust fund, a series of political contributions to committees for 1970 Congressional candidates, to be reported by TAPE and by the recipient committees. It had been a common practice for past Administrations to "piggy-back" such contributions — that is, to transmit them through the incumbent Administration, allowing it to share credit for the contributions with the donor — and I had discussed this political technique both with the client and with Mr. Kalmbach.

Thus it was that on August 1, 1969, I flew to Dallas, Texas, to receive from the client for delivery to Mr. Kalmbach the next day a contribution of one hundred thousand dollars in cash. Although more than a little surprised at the amount, which was much larger than I had supposed it would be, I delivered the funds to Mr. Kalmbach as I had agreed to do. Neither then nor later did he tell me anything inconsistent with my understanding of the nature of this transaction, as summarized above.

1 iaries, and a purpose.

2 Now, I guess Mr. Stans, in the position of the  
3 settlor, and you were certainly the trustee, but who was the  
4 beneficiary, or what was the purpose for which the trust was  
5 established?

6 A I simply understood that these funds were to be  
7 expended for political purposes at the direction of Mr. Haldeman.

8 Q So if they were expended for anything, other than  
9 political purposes, that would not have been within the terms  
10 of your trust?

11 A No. I think I've stated, Mr. Dobrovir, that the  
12 purposes of the trust were never stated. I'm simply -- I've  
13 just simply stated to you an assumption.

14 Q I see.

15 But as far as you were concerned, whatever Mr.  
16 Haldeman said to do with the money, you would do with it?

17 A Absolutely.

18 Q Well, so, anyway, you received the hundred thousand  
19 dollars, and it was in cash?

20 A Yes.

21 Q Were the bills new?

22 A I don't recall that they were.

23 Q What denominations were they in?

24 A My memory is that they were in hundred dollar  
25 denominations.

26 Q Did he bring them in a brief case or a suitcase?

27 A Just a little valise.

28 Q A little valise. . And did you count the money?

1 with him the goals or interests of Mr. Semer's clients?

2 Mr. Kalmbach. I don't think at the outset these goals  
3 or interests were made known to me. But when they were made  
4 known to me later in our conversation, I'm certain that I made  
5 those known to Mr. Haldeman, inasmuch as he was the one to whom  
6 I was reporting as trustee.

7 Mr. Weitz. When you said "later," would this have been  
8 later in your series of meetings but before or contemporaneous  
9 with the delivery of the first contribution?

10 Mr. Kalmbach. Yes.

11 Mr. Weitz. Did you also report to Mr. Haldeman upon  
12 receipt of the contribution?

13 Mr. Kalmbach. Yes, I did, and I'm certain that I told  
14 Mr. Haldeman immediately or within a week or so after I received  
15 the \$100,000 that I had, in fact, received that money, and again  
16 stated to him the objectives that Mr. Semer had given to me.

17 Mr. Weitz. What did you do with the money?

18 Mr. Kalmbach. I put it in a safe deposit box in the  
19 Security Pacific National Bank, Newport Center branch, Newport  
20 Beach, California.

21 Mr. Weitz. And it was out of those funds, commingled with  
22 others, that was applied to the various purposes, some of the  
23 purposes to which you referred to today?

24 Mr. Kalmbach. That is correct.

25 Mr. Weitz. And the surplus from those monies was transfer

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parity?

Mr. Kalmbach. I don't know if this is responsive to your question, but it was clear in my own mind that as a result of this contribution and contributions by, or further contribution by, Mr. Semer and his clients, that meetings would be arranged for Mr. Semer and his clients to meet with certain people withi [sic] the White House to put forth his case on behalf of his clients.

Now, I don't recall that I had any understanding beyond that as to any substantive results that would be forthcoming. I simply stated to one or more of these people in the White House or in the Administration the objectives that Mr. Semer had made known to me.

(Discussion off the record.)

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1 Thank you.

2 Mr. Weitz. Just one more question before we leave this  
3 area. From the cash in these various safe deposit boxes during  
4 the period from 1969 to 1972, I take it that it was those funds  
5 that were used for purposes such as disbursements to Anthony  
6 Ulasewicz and also part of the funds disbursed for the candidacy  
7 of Governor Brewer in Alabama in 1970?

8 Mr. Kalmbach. That is correct.

9 Mr. Weitz. Now, returning to the contacts between you and  
10 Mr. Semer on behalf of the dairy cooperative in 1969, did you  
11 have occasion to meet with Mr. Semer out in California before  
12 the delivery of the contribution?

13 Mr. Kalmbach. Yes, and my memory has been refreshed on  
14 that from notes, and I find that I think I met him in early  
15 July of 1969 in Newport Beach, California, and then I met him  
16 on or about August 2, I think, of 1969 in Newport Beach.

17 Mr. Weitz. Now, in the conversations and meetings leading  
18 up to the actual delivery of the contribution, is there anything  
19 else that you can now recall that took place or was discussed,  
20 in addition to what you have already mentioned?

21 Mr. Kalmbach. Well, yes. I think, again from my memory  
22 being refreshed, I find that at some point, and I think more  
23 than once, it was stated to me by Mr. Semer that his client or  
24 clients were talking of contributing in the aggregate or as  
25 a goal figure for 1969 \$250,000. And he gave me a range, as I

1 Mr. Weitz. When was that for the Domestic Council  
2 organized?

3 Mr. Ehrlichman. Well, sometime after Congress approved  
4 the Domestic Council formation which would have been late  
5 '70, I would guess, or early '71. I would have to check that.  
6 It would be a matter of record, but, you know, there was a  
7 reorganization and it came up and the Congress had 90 days  
8 and they didn't veto it and it then went into effect and  
9 we assembled it and we'd have to check and see what the dates  
10 would be.

11 Mr. Weitz. The third paragraph in the letter from  
12 Mr. Hillings to the President, it refers to the fact that  
13 AMPI, which is a dairy cooperative, contributed about \$135,000  
14 to Republican candidates in the 1970 election. Do you have  
15 any knowledge of that?

16 Mr. Ehrlichman. Well, to the extent --

17 Mr. Weitz. Whether in specific or general terms?

18 Mr. Ehrlichman. I would think that I did because I  
19 assume that would be money Kalmbach got from Semer because  
20 I think it was at that time that he was raising money for  
21 Congressional candidates in the '70 election.

22 Mr. Weitz. Do you know whether Mr. Kalmbach used any of  
23 these moneys for any purposes other than the 1970 election of  
24 Senatorial candidates?

25 Mr. Ehrlichman. Yes, I am sure he must have and some of

1 that money, I am sure, carried over to the Presidential election.  
2 I can't assure you, but I guess that's just a general under-  
3 standing.

4 Mr. Weitz. Did you ever give him instructions with res-  
5 pect to payment of expense to Mr. Ulasewicz?

6 Mr. Ehrlichman. Yes, sure.

7 Mr. Weitz. And you were aware that he was using funds  
8 received from Mr. Kalmbach for those sources?

9 Mr. Ehrlichman. Yes.

10 Mr. Weitz. What about Mr. Brucer's candidacy in 1970?

11 Mr. Ehrlichman. That's that Alabama business?

12 Mr. Weitz. Yes.

13 Mr. Ehrlichman. Yes.

14 Mr. Weitz. Now the next sentence in the letter goes on  
15 to say "We are now working with Tom Evans and Herb Kalmbach  
16 in setting up appropriate channels for AMPI to contribute  
17 two million dollars for your re-election." Did you have any  
18 knowledge of that?

19 Mr. Ehrlichman. No, I didn't.

20 Mr. Weitz. And finally, "AMPI is funding a special pro-  
21 ject." Did you have any knowledge of what that reference  
22 meant?

23 Mr. Ehrlichman. No.

24 Mr. Weitz. Now in an accompanying memorandum, White House  
25 Memorandum, "Routing Slip" really, there are two accompanying

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tives of some dairy cooperatives?

STATEMENT OF H. R. HALDEMAN; ACCOMPANIED

BY FRANK H. STRICKLER, COUNSEL

Mr. Haldeman. I am not able to identify either time or individual as to when and how I became aware of the interest on the part of the dairy industry or intention on the part of the dairy industry to supply contributions.

I did at some point become aware of that. I don't believe it was in 1969. I would expect it was probably in '70.

Mr. Weitz. Let me ask you this.

Are you aware that the hundred thousand dollars in cash was delivered by a representative of the dairy industry to Mr. Kalmbach?

Mr. Haldeman. In 1969?

Mr. Weitz. In 1969.

Mr. Haldeman. I don't recall that. I am not currently aware of it. That is something I may or may not have known at the time, and I have no recollection of knowing it.

Kalmbach reported some things to me, he generally kept me informed on what he was doing --

Mr. Weitz. Do you recall whether in 1969 he asked your advice or notified you of any contacts he was having in connection with soliciting contributions, contributions for the trust account, or whether or not they were with regard to the trust account in general?

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3. Kalmbach has testified that between August 2, 1969 and August 9, 1969 he reported to Haldeman that he had received the \$100,000 and again stated to Haldeman the objectives Semer had given. Kalmbach also informed John Ehrlichman, Maurice Stans, Jack Gleason (then an aide to Maurice Stans and later a White House aide), and Assistants to the President Peter Flanigan and Harry Dent of the contribution, and he telephoned one or more of them to arrange for meetings between AMPI representatives and White House aides. On August 19, 1969 Semer, AMPI General Manager Harold Nelson and AMPI special counsel David Parr met with Dent at the White House to discuss dairy industry problems and to invite the President to address an AMPI annual meeting.

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3.1 Herbert Kalmbach testimony, SSC Executive Session, March 22, 1974, 13-18. ....	100
3.2 John Ehrlichman testimony, SSC Executive Session, February 8, 1974, 2-5. ....	106
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1 these funds had come from his clients.

2 Mr. Weitz. Did you understand whether or not there were  
3 more than -- whether there were as many as 20 sources for the  
4 money?

5 Mr. Kalmbach. No, I did not understand that. Again, as  
6 I say, I don't remember that he particularized as to the source,  
7 and it was just my assumption that he obtained these funds from  
8 his clients. But I was not aware of how, in fact, they were  
9 obtained.

10 Mr. Weitz. Now, you've mentioned -- but first, before we  
11 get to that -- before receipt of the money, did you check with  
12 or report to Mr. Haldeman with respect to the offer of a con-  
13 tribution offered by Mr. Semer?

14 Mr. Kalmbach. Of course.

15 Mr. Weitz. Did you explain to him what you've told us  
16 today?

17 Mr. Kalmbach. I did. I told Mr. Haldeman that I had  
18 been approached by Mr. Semer and I know, too, that I talked to  
19 I confirmed with Mr. Mitchell that Mr. Semer was known to him,  
20 and I did talk to Mr. Mitchell, I think it was within a day or  
21 two after I talked to Mr. Semer, just to make certain that this  
22 person was what he said he was. And it's my clear memory that  
23 Mr. Haldeman authorized me to receive any contribution that was  
24 offered by these people.

25 Mr. Weitz. Did you also indicate to Mr. Haldeman, discuss

1 with him the goals or interests of Mr. Semer's clients?

2 Mr. Kalmbach. I don't think at the outset these goals  
3 or interests were made known to me. But when they were made  
4 known to me later in our conversation, I'm certain that I made  
5 those known to Mr. Haldeman, inasmuch as he was the one to whom  
6 I was reporting as trustee.

7 Mr. Weitz. When you said "later," would this have been  
8 later in your series of meetings but before or contemporaneous  
9 with the delivery of the first contribution?

10 Mr. Kalmbach. Yes.

11 Mr. Weitz. Did you also report to Mr. Haldeman upon  
12 receipt of the contribution?

13 Mr. Kalmbach. Yes, I did, and I'm certain that I told  
14 Mr. Haldeman immediately or within a week or so after I received  
15 the \$100,000 that I had, in fact, received that money, and again  
16 stated to him the objectives that Mr. Semer had given to me

17 Mr. Weitz. What did you do with the money?

18 Mr. Kalmbach. I put it in a safe deposit box in the  
19 Security Pacific National Bank, Newport Center branch, Newport  
20 Beach, California.

21 Mr. Weitz. And it was out of those funds, commingled with  
22 others, that was applied to the various purposes, some of the  
23 purposes to which you referred to today?

24 Mr. Kalmbach. That is correct.

25 Mr. Weitz. And the surplus from those monies was transferred

1 together with the amounts in the checking account, to Mr. Sloan  
2 in 1972?

3 Is that correct?

4 Mr. Kalmbach. That is correct.

5 Mr. Weitz. Did you report or discuss your contacts with  
6 Mr. Semer with anyone else that you can recall in 1969 in the  
7 White House, other than Mr. Mitchell, who, of course, was the  
8 Attorney General, and Mr. Haldeman?

9 Mr. Kalmbach. Yes. I think I advised Mr. Flanigan, Mr.  
10 Ehrlichman, and Mr. Stans. Of course, Mr. Stans was not in the  
11 White House as such, but he was in the Administration.

12 Mr. Weitz. I should enlarge that question to include  
13 anyone in the Administration.

14 Mr. Kalmbach. Yes.

15 Mr. Weitz. Were there any reactions or comments or mes-  
16 sages that you recall from those gentlemen?

17 Mr. Kalmbach. No, there were no particular reactions,  
18 other than -- oh, Mr. Dent would be another man that I would  
19 have advised of this. And I think the reactions were simply  
20 that I told them, either one or all of them, told them of Mr.  
21 Semer's objectives, certainly, as to the objectives that he  
22 had, that he wanted to meet with certain of the people within  
23 the White House.

24 And Mr. Gleason, incidentally, would be another one that  
25 probably I advised of this.

1           And it was made clear to me by one or more of these people  
2           that meetings would and could be arranged between Mr. Semer  
3           and one or more people within the White House.

4           Mr. Weitz: Not the President, yet, but at least some aides?

5           Mr. Kalmbach. Yes. And I don't recall that the President  
6           was mentioned..

7           Mr. Weitz.. By them?

8           Mr. Kalmbach.. By them.

9           Mr. Weitz: But you, in fact, mentioned to them the dairy  
10          people's interest in meeting with the President?

11          Mr. Kalmbach. That is correct. And also, of course, their  
12          interest in having the President address their convention, I  
13          think, the following year in Kansas City, as I remember.

14          Mr. Weitz. And the setting of parity at 90 percent?

15          Mr. Kalmbach. That is correct.

16          Mr. Weitz. Do you remember taking any steps within the  
17          next several weeks after the receipt of the contribution to,  
18          in fact, arrange or assist in the arrangement of a meeting  
19          between Mr. Semer and Mr. Dent?

20          Mr. Kalmbach. Yes, I do.

21          Mr. Weitz. How did you go about that?

22          Mr. Weitz. I think I called Mr. Dent. It was subsequent  
23          to the time that Mr. Semer gave me the \$100,000, on or about  
24          August 2, 1969, and I think I called Mr. Dent, and Mr. Dent  
25          agreed to see Mr. Semer. And I think I also talked to one or

1 more of the others in the White House to set up other appoint-  
2 ments for Mr. Semer.

3 Now, I'm not -- my memory is not clear as to what people  
4 he met in the Administration.

5 Mr. Weitz. You were not present?

6 Mr. Kalmbach. But I was never present at any of those  
7 meetings that I remember at all. But I'm certain that the people  
8 that he did meet in the Administration were -- it was probably  
9 the result of calls that I made to either Bob Haldeman or John  
10 Erlichman or Harry Dent or some of the others that I've named.

11 Mr. Weitz. Did either you, in your conversations with  
12 people in the Administration in connection with this contribu-  
13 tion and the contract with the dairy people, or did any of  
14 those individuals with whom you talked express any concern about  
15 the discussion, both contribution or contributions, substantial  
16 contributions, and certain aims or interests that they had in  
17 substantive policies and in contacts with the Administration?

18 Mr. Kalmbach. Excuse me. I'm not certain as to your  
19 question.

20 Mr. Weitz. Essentially, to boil it down, did either you  
21 express concern about -- well, let me start it this way.

22 Did you perceive the dairy people as hoping that their  
23 contribution would assist them in gaining, number one, access  
24 to the White House, meetings with the President, and some sub-  
25 stantive policy decision with regard to parity, the setting of

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parity?

Mr. Kalmbach. I don't know if this is responsive to your question, but it was clear in my own mind that as a result of this contribution and contributions by, or further contribution by, Mr. Semer and his clients, that meetings would be arranged for Mr. Semer and his clients to meet with certain people withi [sic] the White House to put forth his case on behalf of his clients.

Now, I don't recall that I had any understanding beyond that as to any substantive results that would be forthcoming.

I simply stated to one or more of these people in the White House or in the Administration the objectives that Mr. Semer had made known to me.

(Discussion off the record.)

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1 Mr. Weitz. Mr. Ehrlichman, let me direct your attention  
2 to 1969. Did you become aware at anytime during 1969 of any  
3 contacts between either White House people or Republican  
4 fundraisers with the dairy cooperatives? Particularly Associated  
5 Milk Producers?

6 Mr. Ehrlichman. Yes.

7 Mr. Weitz. Can you tell us how you came to that knowledge?

8 Mr. Ehrlichman. I am not sure what my first knowledge was  
9 but I became aware of the fact that Herb Kalmbach was in touch  
10 with an attorney here in Washington who represented or at least  
11 I was told he represented the Milk Producers or some part of  
12 the Milk Producers. And from time to time in that -- I think  
13 it was 1969, Kalmbach mentioned that he was getting campaign  
14 contributions from that attorney in behalf of the Milk Producers.

15 Mr. Weitz. Do you recall the name of the attorney?

16 Mr. Ehrlichman. I can't remember the name. It starts with  
17 a 'S' as I recall.

18 Mr. Weitz. Does Semer ring a bell?

19 Mr. Ehrlichman. Yes.

20 Mr. Weitz. Had you heard of or seen Milton Semer before  
21 that time?

22 Mr. Ehrlichman. No.

23 Mr. Weitz. Was Mr. Kalmbach specific or any more specific  
24 than you mentioned with what the dairy group was that was making  
25 the contributions?

1 Mr. Ehrlichman. I was never very clear about what specific  
2 unit or branch or interest it was.

3 Mr. Weitz. Did he indicate whether they had -- earlier  
4 had been supporters, for instance, in the previous election  
5 of the President or whether this was a new group or new contri-  
6 bution of some sort?

7 Mr. Ehrlichman. I don't recall that.

8 My impression was that this was a new contact for Kalmbach.  
9 That he had had no previous experience with this man.

10 Mr. Weitz. Did he indicate how the dairy people or at least  
11 Mr. Semar came to contact Mr. Kalmbach?

12 Mr. Ehrlichman. Through an intermediary and I can't recall  
13 who it was. I recall Kalmbach telling me about another attorney  
14 named Morgan and whether Morgan was the intermediary or whether  
15 Morgan was in relation to some other transaction, I can't remem-  
16 ber, but it may have been Morgan.

17 Mr. Weitz. Do you know which attorney Morgan he was  
18 talking about?

19 Mr. Ehrlichman. Edward Morgan who apparently is a long  
20 time lawyer, not the Assistant Treasurer of Treasury, another  
21 one.

22 Mr. Wilson. Off the record.

23 (Discussion held off the record.)

24 Mr. Weitz. Back on the record.

25 Was Mr. Kalmbach reporting to you with respect to any other

1 contributions he received in 1969?

2 Mr. Ehrlichman. Well, he wasn't really reporting to me on  
3 this. I mean, this was a matter of passing conversation rather  
4 than a report as such.

5 Mr. Weitz. Do you know who he was reporting to?

6 Mr. Ehrlichman. No, I don't. The reason that I recall  
7 this specifically is because of a set of circumstances where  
8 he broke off this contact and there he did report to me in  
9 a sense. He came to me with a concern that he had about it  
10 and we discussed it.

11 Mr. Weitz. That was much later?

12 Mr. Ehrlichman. Well, no, not much. It would have been  
13 within the year I would think.

14 Mr. Weitz. 1969 or 1970?

15 Mr. Ehrlichman. Let me -- see, I can't fix it as to date  
16 but my impression is that his contact with -- Semer is it?  
17 Semers?

18 Mr. Weitz. Semer, S-e-m-e-r.

19 Mr. Ehrlichman. Didn't go on for more than about a year  
20 and on one occasion he came and said, "I have real concerns about  
21 this fellow. He is beginning to suggest that there ought to be  
22 quid pro quo." And he said, "I just don't like the feel of it."  
23 And I said, "Well, Herb, that sounds to me like something that  
24 you ought to discontinue."

25 And he -- my understanding is that he did discontinue any

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Mr. Weitz. Is that consistent with what he told you in 1973?

Mr. Semer. Well, if he took money out of that fungible source, it raises a tracing problem that is beyond my talents to figure out without any more information than what you've read.

Mr. Weitz. And if, in another deposition, Mr. Kalmbach has testified that he used the moneys in that box in California to finance the activities of Anthony Ulasewicz and also to finance the candidacy of Mr. Brewer in Alabama against Governor Wallace in 1970, is that consistent with what he told you in 1969 or 1973?

Mr. Semer. No, it is not. As a matter of fact, I just learned for the first time on the radio this morning, as to the possible use of that fund, and this is almost beyond belief.

Mr. Weitz. Now I just have several more questions in connection with the aftermath of the contribution, and then we can take a recess.

Shortly after the delivery of the money to Mr. Kalmbach, did you again speak with him with respect to making contact with a particular individual or other individuals in the White House?

Mr. Semer. I received over the telephone a message, possibly from Kalmbach, more likely from Gleason, to call Harry Dent of the White House staff to make an appointment for the

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client to see Dent, and that appointment was made for August 15th when Mr. Nelson and Mr. Parr and I went to the White House and saw Mr. Dent, and possibly Gleason, who was then working for Mr. Parr.

Mr. Weitz. Did Mr. Kalmbach tell you that he had been in contact with anyone in the White House to inform them of your interest to meet with someone there?

Mr. Semer. He never mentioned anyone specifically that he would be in touch with, but increasingly he gave me the impression that he was not only acquainted but influential with the White House people.

Mr. Weitz. Did he tell you that he called Harry Dent, or was going to call Harry Dent?

Mr. Semer. He did not say that, as I recall.

Mr. Weitz. But if he has testified that he, in fact, did, that would not be inconsistent with the circumstances?

Mr. Semer. No.

Mr. Weitz. Did he indicate that he had talked to anybody else in the White House about your client and their interest with meeting with people in the White House?

Mr. Semer. Not that I recall.

Mr. Weitz. Did he ever tell you that he talked to Mr. Ehrlichman about this?

Mr. Semer. No, he did not mention Mr. Ehrlichman's name, although on one occasion, I think the first occasion, in his office, it was a White House call -- I don't know whether it

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was from the White House or whether it was one that was put in by Mr. Kalmbach -- that I believe might have been Mr. Ehrlichman.

Mr. Weitz. Did he tell you that he reported the fact of the contribution to Mr. Haldeman?

Mr. Semer. No, he did not, that I recall.

Mr. Weitz. What was the purpose of the meeting with Mr. Dent?

Mr. Semer. The purpose of the meeting with Mr. Dent was twofold: one, to get the client acquainted with a White House staffer; and secondly, as indicated in the memorandum, a copy of which I have given the Committee, to invite the President to attend the annual convention of the client group.

Mr. Weitz. Now I would like to mark as Exhibit 2 to your executive session, which is also Exhibit 2 to Mr. Parr's executive session, a copy of a memorandum to Mr. Dent, dated August 19, 1969. Is this a copy of the memorandum that you prepared and was submitted to Mr. Dent?

(Whereupon, the document referred to was marked Semer's Exhibit 2 for identification)

Mr. Semer. Yes, that's a copy of a memorandum from Harold Nelson, then the general manager of the client group, and this is a memorandum that was prepared in my office in Washington in consultation with the client.

Mr. Weitz. Do you connect the meeting with Mr. Dent and

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the subsequent contacts between the dairy people and the White House people to the contribution in August of 1969?

Mr. Semer. No, I don't, Mr. Weitz.

Mr. Weitz. Now Mr. Kalmbach in his deposition on page 13 has stated, "I think that in my conversations with him," meaning you, Mr. Semer, "it became my belief that at some point after he had made a contribution, that Mr. Semer would come to see me and ask me to introduce him to people in the White House, or in the Government, simply so that as an attorney for this particular client, he could make a case for whatever matter he wished to discuss with these people."

Now do you remember either giving that impression to Mr. Kalmbach, or is it your understanding that he could have drawn that conclusion from the contacts that had been made throughout 1969?

Mr. Semer. I would be very much surprised, Mr. Weitz, that Mr. Kalmbach, a very sophisticated attorney, would draw a conclusion that the contribution of the money would tie in with the meeting with a person, such as Harry Dent, in the White House.

Mr. Weitz. Well, on page 14, in recounting what he told Mr. Dent when he called him in connection with the milk producers, he said he was asked what did you say to Mr. Dent, and his response is, "I said that this is an attorney whose clients are supportive of the President," and indicated to him that I

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would appreciate it if he would meet with him."

Now, would not the fact that the contribution make the people, in fact, supporters of the President, whereas in fact, the previous year they had not been supporters of the President?

Mr. Semer. Well, I don't know the context with which Mr. Kalmbach says that. On the face of it, if that's what he says, then those are the standards by which he makes judgments in politics. I can't disagree with his point of view. I can't challenge that, if that's his point of view.

Mr. Weitz. Now I have here, I believe subsequent to your meeting on the 19th with Mr. Dent, was there a subsequent contact that you had in 1969 with either Mr. Dent or Mr. Gleason in connection with your dairy client?

Let me specifically actually direct your attention to September 16, 1969, both to a letter of that date, and also to some type of a contact or perhaps telephone call. Does your log indicate that there was, in fact, a contact with Mr. Gleason or a message from him that day?

Mr. Semer. Yes.

Mr. Weitz. And what was that message or contact?

Mr. Semer. In the message says exactly quoted from the log, 'Gleason, no M.P.I. this month. What else does M.P.I. want?'

Mr. Weitz. What does that mean to you?

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at the time they told me his name. They may have. But anyway,  
I understood that it had been delivered.

Mr. Weitz. Now, following delivery of that money did you  
become aware of any contacts or any greater access to anyone in  
the Administration?

Mr. Nelson. That's what I started to say earlier when I  
misunderstood your question.

It seemed to us then that nothing was happening as a re-  
sult of that. But since then, just by reading published accounts  
why, in retrospect I would tie the fact that we did see Mr. Dent.

Mr. Weitz. That was sometime shortly after the delivery  
of the money?

Mr. Nelson. I can't tell you just how -- not a whole lot  
of time elapsed.

Mr. Weitz. Did you see him with Mr. Semer?

Mr. Nelson. I believe Mr. Semer and Mr. Parr.

Mr. Weitz. And yourself met Harry Dent in the White House  
in his White House office.

Mr. Nelson. Yes, in his office.

Mr. Weitz. The Executive Office Building?

Mr. Nelson. No, as I recall his office -- I may be wrong  
about this -- but as I recall, his office was in the East Wing  
of the White House when we saw him. It wasn't in the Executive  
Office Buildings.

Mr. Weitz. Now, if Mr. Semer's records indicate that he

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met with Mr. Dent on August 19th, 1969, which would have been approximately two and a half weeks after the delivery of the money to Mr. Kalmbach, does that refresh your recollection as to the time you met with Mr. Dent and Mr. Parr?

Mr. Nelson. I'm sure that's when I was there.

Mr. Weitz. What was discussed at the meeting with Mr. Dent?

Mr. Nelson. I believe that we discussed some problems that we had. I can't recall what specific problem we were talking about then. It probably had to do with import regulations or tariffs, or something like that.

Mr. Weitz. Did anyone at that meeting --

Mr. Nelson. It would have been on dairy problems.

Mr. Weitz. Was it your understanding, then, that Mr. Dent was going to be your contact or the person that you could reach in the White House with respect to dairy problems?

Mr. Nelson. No. It would just, it was just kind of hoped that maybe he would.

Mr. Weitz. Did Mr. Semer or Mr. Dent or anyone else indicate at the meeting that you were supporters of the President?

Mr. Nelson. I believe that at the meeting it was indicated that we wanted to support the President. You see, we were always very candid about it, that we were Democrats who had a track record that, you know, couldn't be denied. That was, depending upon your political persuasion, that is a cross that you had to

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bear. And so we made no bones about the fact. But we also told him that we wanted to support the President and that we would support the President.

Mr. Weitz. But there was no indication to your recollection that you were supporters of the President?

Mr. Nelson. That we were at that time? No, I wouldn't say so.

Mr. Weitz. What about the \$100,000 contribution?

Mr. Nelson. That was a payment. As far as I recall, that \$100,000 was never mentioned by anybody.

Mr. Weitz. No, not specifically. But didn't that make you supporters of the President?

Mr. Nelson. Oh, you mean -- yes, it did. It did in our view. But I don't think that -- I am quite sure that at that point they didn't consider us to be supporters.

Mr. Weitz. Did you ever meet with Mr. Gleason?

Mr. Nelson. Yes, sir.

Mr. Weitz. In 1969?

Mr. Nelson. Well, I can't tell you the date. But I tell you, I believe we met with Mr. Gleason more than once. And as I recall, it was either very shortly after or maybe a little before meeting with Mr. Dent.

Mr. Weitz. Now, let me show you a letter, and if you can identify it, so be it. It is a letter which I will mark as Exhibit No. 1 at this session, from Jack Gleason to Milt Semer, dated

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Van 120173 (2)

MEMORANDUM

August 19, 1969

DR

TO: The Honorable Harry S. Dent

FROM: Harold Nelson, General Manager,  
Associated Dairymen, Inc.

SUBJECT: Invitation to the President to Address the Annual Meeting of  
Associated Dairymen, Inc.

In accordance with your suggestion made in your office this morning, here are the details of our invitation to the President to address the Annual Meeting of Associated Dairymen, Inc.

Associated Dairymen, Inc. is a dairy cooperative representing both manufacturing and Grade A fluid milk producers whose farms are in the area roughly defined by the Appalachian Mountains on the east, the Rocky Mountains on the west, the Canadian border on the north, and the Gulf of Mexico on the south. These farms are in the 18 states of Minnesota, North Dakota, South Dakota, Wisconsin, Illinois, Iowa, Indiana, Nebraska, Kansas, Missouri, Oklahoma, Arkansas, Louisiana, Kentucky, Tennessee, Mississippi, Texas, and New Mexico.

Our member farmers produce approximately 16 percent of the national milk supply, which represents approximately \$1 billion per year in sales.

This will be a banquet meeting at which we will have approximately 6,000 in attendance, including dairy farmers from every state in the United States.

Our first choice for a place of meeting is Kansas City, Missouri; but, if you deem it advisable, we suggest as possible alternatives Des Moines, Iowa; St. Louis, Missouri; or Chicago, Illinois. We have some latitude as to the date of the meeting, but, if at all possible, we would prefer a date in September or October.

Of course, I am sure that I need not assure you that the President would be among friends, as the area from which these farmers come are those in which he demonstrated his strength and popularity during the recent election.

Harold S. Nelson, 1011 N.W. Military Highway, San Antonio, Texas. (512) DI-4-1391  
David Parr, 6423 Forbing Road, Little Rock, Arkansas. (501) 562-1900  
Milton P. Semer, Semer, White & Jacobsen, 1156 15th Street, N.W., Washington,  
D. C. 659-2900.

THE WHITE HOUSE

WASHINGTON,

Semer 2/5/74 (4)

September 16, 1969

DR

Dear Milt:

Are there any people in the Associated Dairymen's group whom we ought to give priority consideration for a position on some of the Department of Agriculture Advisory Boards or Commissions? We can play this pageantry pretty far if you've got any suggestions for people in that group whom we ought to push for that kind of appointment.

I will need their names and some kind of biography on them, but I think we can pretty well get this in hand over at Agriculture.

Regards.

Sincerely,

  
Jack A. Gleason

Mr. Milton P. Semer  
Attorney  
1156 15th Street, N. W.  
Washington, D. C.

4. By memorandum dated June 24, 1970 White House aide Jack Gleason turned over most of the responsibilities with regard to the milk producers to Special Counsel to the President Charles Colson. Gleason stated that Colson would handle outstanding items including the possibility of the President speaking in September at the AMPI annual meeting in Chicago and the possibility of the President making an emergency reduction of import quotas on dairy products. Attached to the memorandum was a draft letter prepared by Parr that could be used by the Secretary of Agriculture to recommend that the President take immediate action imposing limitations on imports of certain cheeses and other dairy products.

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Page

4.1	Memorandum from Jack Gleason to Charles Colson, June 24, 1970 with attached draft letter (received from White House). .....	120
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THE WHITE HOUSE

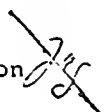
WASHINGTON

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June 24, 1970

CONFIDENTIAL

MEMORANDUM FOR CHARLES W. COLSON

From: Jack A. Gleason 

Re: Milk Producers

001315

Chuck,

As we discussed yesterday, it seems logical to me to turn over to you most of the responsibilities for handling the Milk Producers, as they would normally belong in your area anyway. The mechanics on their support to us this year have been straightened out so that Dave Parr will coordinate directly with me on collection and distribution of support.

In the meantime, there are a few outstanding items that need to go into your pending problem category;

(A) First, Milk Producers for some time have been seeking to have the boss appear at one of their national meetings. This has been discussed and has gone around and around in the White House for some time without result as yet. However, you should know that they have now scheduled their next annual meeting for early September to be held in Chicago. As I understand it from Dave Parr, this meeting would include at least 15,000 of their members.

(B) The next question is that of the possibility of having the President request that the Tariff Commission take emergency action on dairy imports in a similar fashion to that which Johnson did in July of '67 following the March 30, 1967, request for a Tariff Commission investigation. I am attaching to this memo a copy of a letter Parr prepared which spells out in some detail exactly what they are looking for. The problem evidently is that since we

WH

- 2 -

recommended the Tariff Commission begin an investigation of dairy imports again, the European importers have begun to dump increased quantities of their product on our market. Parr is cognizant of the line of the President's last address on the state of the economy regarding the possible need for increasing all imports to offset inflationary pressures, but that, of course, in no way lessens his interest in achieving the above. I mentioned this to John Whitaker yesterday, but he is not familiar with the problem and I therefore assume that at this stage of the game neither Agriculture nor Whitaker is seriously contemplating the request for emergency action.

In any event, I would believe it advisable for you and I and Dave Parr to get together at some point in the near future to go over these and a few other smaller items.

Over to you.

001316

cc: Harry S. Dent

WH

Indistinct document retyped by  
House Judiciary Committee staff

Dear Mr. President:

On May 13, 1970, in accordance with my advice and recommendations, you directed the United States Tariff Commission to make an immediate investigation under Section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624) to determine whether certain dairy articles (ice cream chocolate crumb with a fat content of 5.5 percent or less, animal feeds containing milk o [sic] milk derivatives, and certain cheese containing 0.5 percent or less by weight of butterfat) are being, or are practically certain to be, imported under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price support programs now conducted by the Department of Agriculture for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat. You have directed the Tariff Commission to report its findings and recommendations to you at the earliest practical date.

Pursuant to Section 22, I hereby advise that I now have reason to believe that certain additional articles are being imported, and are practically certain to be imported, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the price support programs now conducted by the Department of Agriculture for milk and butterfat, and to reduce substantially the amount of products processed in the United States for domestic milk and butterfat.

Specifically, reference is made to the following articles:

- 1) Swiss or Emmenthaler cheese with eye formation; Gruyere-process cheese; and cheese and substitutes for cheese containing, or processed from, such cheeses; all the foregoing, if shipped otherwise than in pursuance to a purchase, or if having a purchase price of 47 cents per pound or more.
- 2) Cheese and substitutes for cheese provided for in items 117.75 and 117.85, part 4C, schedule 1 (except cheese not containing cow's milk; cheese, except cottage cheese, containing no butterfat or not over 0.5 percent by weight of butterfat, and articles within the scope of other import quotas provided for in this part); all the foregoing.
- 3) Lactose, a dairy product manufactured from whey.

Indistinct document retyped by  
House Judiciary Committee staff

4.1 ATTACHMENT TO JACK GLEASON MEMORANDUM

Indistinct document retyped by  
House Judiciary Committee staff

The imports of these articles have been increasing rapidly during 1970 and will apparently continue to do so if no action is taken to restrain such imports. It is, in my judgment, most desirable that the Tariff Commission make recommendations to you as to the effect on price support programs of imports of quota-type cheeses selling at a price at or over 47 cents per pound and imports of quota-type "other cheese" under existing quota levels, including the 7.5 million pound allocation in this category to New Zealand. I have also concluded that there should be an investigation of the effect of the growing imports of the product known as lactose. The growth of imports of these articles has become of increasing concern to me since my previous recommendation to you and since your letter to the Tariff Commission of May 13, 1970.

In view of the foregoing, I recommend that you cause an immediate investigation to be made by the United States Tariff Commission as to such articles and that you direct the Tariff Commission to include said articles within the scope of the investigation directed by your letter of May 13, 1970.

Furthermore, I determine and hereby report to you that, with respect to the articles which were the subject of your letter to the Tariff Commission of May 13, 1970, and the additional articles described in this letter, a condition exists requiring emergency treatment of all such articles. I therefore recommend that you take immediate action, pursuant to Section 22 (b), to impose limitations on the quantities of such articles which may be imported in a quota year without awaiting the recommendations of the United States Tariff Commission with respect to such articles.

Sincerely,

Secretary of Agriculture

Indistinct document retyped by  
House Judiciary Committee staff

Retyped from indistinct original

Dear Mr. President:

On May 13, 1970, in accordance with my advice and recommendations, you directed the United States Tariff Commission to make an immediate investigation under Section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624) to determine whether certain dairy articles (ice cream, chocolate crumb with a fat content of 5.5 percent or less, animal feeds containing milk or milk derivatives, and certain cheese containing 0.5 percent or less by weight of butterfat) are being, or are practically certain to be, imported under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price support programs now conducted by the Department of Agriculture for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat. You have directed the Tariff Commission to report its findings and recommendations to you at the earliest practical date.

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001317

WII

4.1 ATTACHMENT TO JACK GLEASON MEMORANDUM

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Sincerely,

001318

Secretary of Agriculture

WA



5. In the June 24, 1970 memorandum from Gleason to Colson referred to in the preceding paragraph, Gleason stated that AMPI special counsel Parr would coordinate directly with Gleason on collection and distribution of support. During 1970, AMPI and other dairy organizations pledged or contributed approximately \$135,000 to a special White House project administered by Gleason and Kalmbach which both distributed contributions and designated certain Congressional candidates to receive contributions.

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5.1 Memorandum from Jack Gleason to Charles Colson, June 24, 1970 (received from White house).....	128
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THE WHITE HOUSE

WASHINGTON

63

June 24, 1970

CONFIDENTIAL

MEMORANDUM FOR CHARLES W. COLSON

From: Jack A. Gleason ~~JK~~

Re: Milk Producers

001315

Chuck,

As we discussed yesterday, it seems logical to me to turn over to you most of the responsibilities for handling the Milk Producers, as they would normally belong in your area anyway. The mechanics on their support to us this year have been straightened out so that Dave Parr will coordinate directly with me on collection and distribution of support.

In the meantime, there are a few outstanding items that need to go into your pending problem category;

(A) First, Milk Producers for some time have been seeking to have the boss appear at one of their national meetings. This has been discussed and has gone around and around in the White House for some time without result as yet. However, you should know that they have now scheduled their next annual meeting for early September to be held in Chicago. As I understand it from Dave Parr, this meeting would include at least 15,000 of their members.

(B) The next question is that of the possibility of having the President request that the Tariff Commission take emergency action on dairy imports in a similar fashion to that which Johnson did in July of '67 following the March 30, 1967, request for a Tariff Commission investigation. I am attaching to this memo a copy of a letter Parr prepared which spells out in some detail exactly what they are looking for. The problem evidently is that since we

WH

- 2 -

recommended the Tariff Commission begin an investigation of dairy imports again, the European importers have begun to dump increased quantities of their product on our market. Parr is cognizant of the line of the President's last address on the state of the economy regarding the possible need for increasing all imports to offset inflationary pressures, but that, of course, in no way lessens his interest in achieving the above. I mentioned this to John Whitaker yesterday, but he is not familiar with the problem and I therefore assume that at this stage of the game neither Agriculture nor Whitaker is seriously contemplating the request for emergency action.

In any event, I would believe it advisable for you and I and Dave Parr to get together at some point in the near future to go over these and a few other smaller items.

Over to you.

001316

cc: Harry S. Dent

WJH

Indistinct document retyped by  
House Judiciary Committee staff ,

LAW OFFICES  
KALMBACH, DE MARCO, KNAPP & CHILLINGWORTH

MEMORANDUM

FILE:	<u>1970 Contributions File</u>	Date:	April 22, 1970
Re:	<u>Jack Gleason Telecon</u>	To:	Memorandum to File
		From:	Herbert W. Kalmbach

This afternoon I received a call from Jack Gleason who said that Harry Dent has reported to him that he (Dent) had just met with John Ehrlichman and Ehrlichman had confirmed that all of these contribution solicitation assignments had been officially assigned to me for handling.

I told Jack that I would be back to him within a day or so to discuss these various prospects with him and to work out the procedures involved.

HWK/ss

Indistinct document retyped by  
House Judiciary Committee staff

LAW OFFICES  
KALMBACH, DE MARCO, KNAPP & CHILLINGWORTH

MEMORANDUM

FILE: 1970 Contributions File Date: April 22, 1970  
Re: Jack Gleason Telecon To: Memorandum to File  
From: Herbert W. Kalmbach

This afternoon I received a call from Jack Gleason who said that Harry Dent has reported to him that he (Dent) had just met with John Ehrlichman and Ehrlichman had confirmed that all of these contribution solicitation assignments had been officially assigned to me for handling.

I told Jack that I would be back to him within a day or so to discuss these various prospects with him and to work out the procedures involved.

HWK/ss

1970 SENATORIAL CAMPAIGN PROGRAM

Abplanalp, Robert H. (1)	25,000	
Anderson, Robert O.	50,000	
Annenberg, Walter H.	50,000	
Berry, Loren M. (2)	50,000	
Bobst, Elmer H.	<u>5,000</u>	180,000
Brown, Edgar W., Jr. (3)	50,000	
Casey, William J.	10,000	
Crosby, James H.	15,000	
Davis, Shelby	10,000	
Davis, Walter	<u>25,000</u>	110,000
de Roulet, Vincent (4)	50,000	
Dudley, Guilford, Jr. (5)	5,000	
Fisher, Max M.	50,000	
Ford, Henry II	50,000	
Franzheim, Kenneth	<u>15,000</u>	170,000
Frick, Helen Clay	22,500	
Gerritty, Ned (6)	50,000	
Getty, J. Paul (7)	42,000	
Gordon, Albert H.	25,000	
Gould, Kingdon, Jr.	<u>25,000</u>	164,500
Greenwall, Frank K.	10,000	
Hill, Robert C. (8)	5,000	
Hirsch, Clement L. (9)	25,000	
Hoffman, Wayne M.	5,000	
Humes, John P.	<u>25,000</u>	70,000
Irwin, John N., II	15,000	
Keith, Willard W.	15,000	
Kendall, Donald M.	5,000	
King, John M. (10)	250,000	
Lasdon, William S.	<u>5,000</u>	290,000
Lewis, Lawrence, Jr.	25,000	
Liedtke, William C., Jr.	25,000	
Luckman, Charles	25,000	
McCulloch, Robert	-0-	
McGaw, Foster G.	<u>25,000</u>	100,000
McKnight, William L.	25,000	
Middendorf, J. William, II	23,000	
Mills, Jack (11)	25,000	
Mitchell, Charles	50,000	
Moore, John D. J.	<u>10,000</u>	133,000

-2-

Morrison, Thomas J.	-0-	
Nielsen, Arthur C.	25,000	
Olin, John M.	25,000	
Pappas, Thomas A.	50,000	
<u>Parr, David</u>	<u>110,000</u>	210,000
Payson, Mrs. Charles	25,000	
Perot, H. Ross (12)	250,000	
Pew, J. Howard	50,000	
Pickett, Roscoe	10,000	
Pistell, Richard (13)	<u>25,000</u>	360,000
Rockwell, Willard F.	50,000	
Rollins, John W., Sr. (14)	250,000	
Rush, Kenneth	2,000	
Russell, Fred J. (15)	50,000	
Salvatori, Henry	<u>50,000</u>	402,000
Seaver, Mrs. Blanche	1,000	
Scaife, Richard	100,000	
Shaheen, John M.	-0-	
Smith, Gerard	15,000	
Smith, Kent H.	<u>40,000</u>	156,000
Stone, W. Clement	250,000	
Swim, Dudley	25,000	
Symington, J. Fife, Jr. (16)	50,000	
Talenti, Pier	20,000	
Wallace, DeWitt	<u>34,000</u>	379,000
Watson, Arthur K.	50,000	
Weyerhaeuser, F. K.	10,000	
Wilde, Claude	25,000	
Wilson, David K. (17)	-0-	
Wyly, Sam	<u>-0-</u>	<u>85,000</u>

Total amount pledged as of 11/3/70	\$2,809,000
Original goal amount	\$2,050,000
Percentage of goal amount pledged	137.04%

Indistinct document retyped by  
House Judiciary Committee staff

Footnotes

1. Called after earlier pledge to say that he had other campaign commitments that we were aware of and asked to be released from this program.

2. Misunderstanding here inasmuch as the followup on Berry was conducted on the basis of a \$20,000 commitment when in fact he and I had agreed at the time of my solicitation that he would pledge \$50,000 to the program.

3. While pledge was for \$50,000, only \$25,000 was realized.

4. Total amount received outside of program; he has also pledged an additional \$50,000 in 1972.

5. Pledge amount "on the way".

6. While pledge amount is yet to be received, I am reasonably certain that such will be forthcoming.

7. Total amount received and routed to Delaware committees.

8. \$2550 realized outside of program; balance not realized.

9. Hirsch also pledged an additional \$25,000 in 1972.

10. Pledged amount will not be forthcoming due to King's personal financial difficulties.

11. Pledge from tobacco group not yet realized.

12. Pledge amount will not be realized for reasons already expressed.

13. Pledged amount will not be forthcoming due to Pistell's personal financial difficulties.

14. While pledge amount not received directly into this program, am advised by Rollins (confirmed by Harry Dent) that his total contributions to various campaigns this year will exceed \$500,000.

15. Total amount received outside of program.

16. Symington also pledged an additional \$50,000 in 1972.

17. Wilson asked to be excused from participating in this program because of his involvement in Tennessee as Bill Brock's finance chairman.

Indistinct document retyped by  
House Judiciary Committee staff

Footnotes

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5.3 HERBERT KALMBACH NOTES

Indistinct document retyped by  
House Judiciary Committee staff

ele. No.	Name	Amount
— 5.3 Herbert Kalmbach notes —		
1. [56S]	W. Clement Stone	250 ↑ 250
2. [28K]	John King	250 ↑ 250
3. [49R]	John Rollins	250 ↑ 250
4. [65S]	Sam Wyly and Charles Wyly [5-11-70] [Said 10 but withdrew]	<del>250</del> 0
5. [66P]	H. R. Perot [5-11-70]	250 ↑ 250 [1000]
6. [3A]	Walter Annenberg	100 ↑ 50
(412)471-8860 7. [52S]	Richard Scaife [Reconfirmed Commitment on 7-16-70]	100 ↑ 100
	8. [43P] David Parr [Milk Producers--in for 100 1+3 M in 1972 Ex prod]	100 ↑ 110
9. [30L]	William Liedtke [JAG says mention Milton Mandel-broker in NYC]	100 ↓ On 7-8
10. [16F]	Henry Ford	250 <del>100</del> [260]
11. [11D]	Vincent de Roulet [5-8-70]	50 ↑ 50 + 50 in '72
(213) RI9-2536 12. [53S]	Mrs. Blanche Seaver [5.]	50
or [C. 5-15]	13. [51S] Henry Salvatori [6-9-70 at Los Angeles Club]	50 ↑ 50

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House Judiciary Committee staff

NOTE: IN AN INTERVIEW WITH THE HOUSE JUDICIARY COMMITTEE IMPEACHMENT INQUIRY STAFF ON MAY 7, 1974, HERBERT KALMBACH IDENTIFIED THESE DOCUMENTS AS HIS NOTES SHOWING PLEDGES TO THE "TOWN HOUSE PROJECT." THE FIGURE TO THE LEFT OF THE ARROW INDICATES THE AMOUNT SOUGHT, AN UPWARD ARROW INDICATES THAT A PLEDGE WAS MADE, AND THE FIGURE TO THE RIGHT OF THE ARROW INDICATES THE AMOUNT PLEDGED.

5.3 HERBERT KALMBACH NOTES

1. W. Clement Stone	✓	250	↑ 250
2. John King	✓	250	↑ 250
3. John Rollins		250	↑ 250
4. Sam Wyly and Charles Wyly	5-11-70	250	↑ 250
5. H. R. Payot	5-11-70	250	↑ 250
6. Walter Annenberg		100	↑ 100
7. Richard Scaife		100	↑ 100
8. David Barr		100	↑ 100
9. William Giedtke		100	↑ 100
10. Henry Ford		100	↑ 100
11. Vincent de Poulet	5-8-70	50	↑ 50 + 50 = 100
12. Mrs. Blanche Seaver		50	↑ 50
13. Henry Salvatori		50	↑ 50
14. Fred Russell	4-25-70	50	↑ 50
15. Shelby Davis		50	↑ 50
16. Arthur A. Watson		50	↑ 50
17. Kenneth Granzheim		50	↑ 50
18. J. Howard Pew		50	↑ 50
19. Max Fisher		50	↑ 50
20. Kent H. Smith		50	↑ 50
21. Robert M. Abplanalp		25	↑ 25
22. Walter Davis		25	↑ 25
23. Howard Newman		25	↑ 25
24. Kingston Gould		25	↑ 25
25. James Crosby	4-17-70	25	↑ 25 + 20 = 45
26. Thomas J. Morrison	10/15/70 (212) UN. 1-4738	25	↑ 25
27. John P. Humes		25	↑ 25
28. Guilford Dudley		25	↑ 25
29. J. William Middendorf		25	↑ 25
30. Robert Hill		25	↑ 25
31. Mrs. Helen Clay Frick		25	↑ 25
32. Willard M. Keith		25	↑ 25
33. Richard Pistell		25	↑ 25
34. Robert O. Anderson		25	↑ 25
35. Willard F. Rockwell, Jr.		25	↑ 25
36. Dudley Swim		25	↑ 25
37. Edgar W. Brown, Jr.		25	↑ 25
38. Thomas Forness		25	↑ 25
39. Loren Berry		50	↑ 50
40. Clement Mirsch	5-7-70	25	↑ 25 + 25 = 50

May 12, 1970

Page 1 of 2

NOTE: IN AN INTERVIEW WITH THE HOUSE JUDICIARY COMMITTEE IMPEACHMENT INQUIRY STAFF ON MAY 7, 1974, HERBERT KALMBACH IDENTIFIED THESE DOCUMENTS AS HIS NOTES SHOWING PLEDGES TO THE "TOWN HOUSE PROJECT." THE FIGURE TO THE LEFT OF THE ARROW INDICATES THE AMOUNT SOUGHT, AN UPWARD ARROW INDICATES THAT A PLEDGE WAS MADE, AND THE FIGURE TO THE RIGHT OF THE ARROW INDICATES THE AMOUNT PLEDGED.

Trues - seed Feb 25.

Poppas - Green or Brown

Parr - seed for 100.

Senige 10 in; Sister 10 in

Silin - green.

Wallace 15 in

Entry entry:

On "Agreement Project" I have transferred  
400 per unit amount on the following dates:

4-1	100	@	Sherry	11 <sup>45</sup>	Hwk
5-15	100	@	Bj C	11 <sup>45</sup>	Hwk
5-22	200	@	Sherry	11 <sup>45</sup>	TR

The 4-1 came out of Chase Box. The 5-15  
came 45 from See Poe Box + 55 transferred (5-15)  
+ the 200 from the Chase.

LAW OFFICES  
KALMBACH, DEMARCO, KNAPP & CHILLINGWORTH

SUITE 900 • NEWPORT FINANCIAL PLAZA, 550 NEWPORT CENTER DRIVE  
NEWPORT BEACH, CALIFORNIA 92660  
TELEPHONE (714) 644-4111

LOS ANGELES OFFICE  
611 WEST SIXTH STREET • SUITE 1400  
LOS ANGELES, CALIFORNIA 90017  
TELEPHONE (213) 625-2131

OF COUNSEL  
JAMES R. KNAPP  
JAMES H. O'CONNOR

HERBERT W. KALMBACH  
FRANK DEMARCO, JR.  
SHERWOOD C. CHILLINGWORTH  
HAROLD DE  
ALEXANDER BOWIE  
ROBERT M. OLSON, JR.  
ROBERT M. MORRISON  
RICHARD C. GREENBERG  
THOMAS D. BECKENBAUGH  
TERRY L. RHODES  
GARLEY C. FROST  
ALAN R. WOLEN  
WILLIAM A. FERR  
LARRY B. THRALL  
ERIC W. MARTENS  
RALPH J. MORGAN  
DAVID PATTERSON SMITH

November 6, 1970

Personal and Confidential

Mr. H. R. Haldeman  
Assistant to the President  
The White House  
Washington, D. C.


Dear Bob:

Attached is a listing of everyone contacted on my recent assignment with the results indicated. The footnotes are used to help explain the circumstances in those instances where Jack Gleason did not actually receive and/or route the amounts earlier pledged.

Directly or indirectly and with very few exceptions, those who pledged their participation in the program for the amounts indicated honored their pledges. As you know and as indicated in the footnotes, certain contributions were received in a different manner.

Please let me know if you have any questions or if there is any way in which I can be of further assistance.

Best regards,

  
Herbert W. Kalmbach

HWK:mrp  
Attachment

Indistinct document retyped by  
House Judiciary Committee staff

RECEIVED  
July 22 1970  
Kalmbach, DeMarco,  
Knapp & Chillingworth  
Law Offices

July 20, 1970

CONFIDENTIAL

Mrs. Joan Payson  
Shelter Rock Road  
Manhasset, New York 11030

Dear Mrs. Payson:

This is to confirm my instructions following Mr. Herbert W. Kalmbach's recent visit with you that I am to contact you regarding certain political campaign contributions for 1970. Pursuant to your discussion with Mr. Kalmbach, I would now like to propose that you forward to my office checks in the amounts indicated on the attached schedule. I understand that by so doing you will have fully completed your commitment made with Mr. Kalmbach.

If you have any questions concerning the above please do not hesitate to contact me.

Sincerely,

Jack A. Gleason

jack gleason

cc: Mr. Herbert W. Kalmbach

Indistinct document retyped by  
House Judiciary Committee staff

5.5 ATTACHMENT TO JACK GLEASON LETTER

Indistinct document retyped by  
House Judiciary Committee staff

<u>STATE</u>	<u>AMOUNT OF CHECK</u>	<u>COMMITTEE TO WHICH CHECK SHOULD BE PAYABLE</u>
<u>Tennessee</u>	\$2,500 2,500	Brock for Senate Committee Brock Campaign Committee
<u>Utah</u>	\$2,500 2,500	Burton for Senate Committee Burton Campaign Committee
<u>Wyoming</u>	\$2,500 2,500	Wold for Senate Committee Wold Campaign Committee
<u>New Mexico</u>	\$2,500 2,500	Carter for Senate Committee Carter Campaign Committee
<u>Alaska</u>	\$2,500 2,500	Stevens for Senate Committee Stevens Campaign Committee

Indistinct document retyped by  
House Judiciary Committee staff

RECEIVED

JUL 22 1970

KALMBACH, DEMARCO,  
KNAPP & CHILLINGWORTH  
LAW OFFICES

July 23, 1970

CONFIDENTIAL

Mrs. Joan Payson  
Snelter Rock Road  
Manhasset, New York 11030

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Sincerely,

Jack M. Gleason

jack gleason

cc: Mr. Herbert W. Kalmbach

5.5 ATTACHMENT TO JACK GLEASON LETTER

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LAW OFFICES

REEVES & HARRISON

SUITE 500

1701 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D. C. 20005

TELEPHONE 202 204-3030

TELEX 440375 CHOK

CABLE "REELAW"

OF COUNSEL

PATRICK J. HILLINGS

WM. HORTONBERT SMITH

WILSON EDWIN HARRISON  
JAMES GENE REEVES  
JOHN R. DAVIS  
JOHN R. DAVIS  
JOHN R. DAVIS

December 16, 1970

The Honorable Richard Nixon  
The White House  
Washington, D. C.

Re: \$22 Tariff Commission (Milk) Recommendations  
Presidential Proclamation

Dear Mr. President:

This letter discusses a matter of some delicacy and of significant political impact.

Since January 1 my Washington partner Marion Harrison (one of your 1968 Virginia Co-Chairmen) and I have represented Associated Milk Producers, Inc. ("AMPI"). At the White House in September you privately met AMPI's two key leaders, Harold Nelson and Dave Parr. You spoke by telephone from the beach at San Clemente to Secretary Hardin and to Harold Nelson during AMPI's annual convention in Chicago Labor Day weekend. You told Harold of your intent personally to address AMPI's next annual convention (a gathering of almost 30,000 dairy farmers and their families).

AMPI has followed our advice explicitly and will do so in the future. AMPI contributed about \$135,000.00 to Republican candidates in the 1970 election. We are now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for AMPI to contribute \$2 million for your re-election. AMPI also is funding a special project.

On September 21 the Tariff Commission recommended to you, after it did a study you requested in May, four specific quotas for four specific dairy products. These recommendations are well documented and by now are well known in the dairy and related industries. No Presidential Proclamation has been issued.

The problem is this. The dairy industry cannot understand why these recommendations were not implemented

- 2 -

very quickly. The longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days. On one occasion, President Johnson even imposed quotas before he received the Tariff Commission's recommendations!

The overall parity ratio is at its lowest since December 1933. Farmers generally are unhappy with the economy. You know our farmbelt losses in the election.

The Government saves money (by saving price support payments) and the farmer makes money when the recommended quotas are imposed. The products are all "evasion" products - that is, products which historically were not imported but which started to be imported only after quotas were imposed on other products.

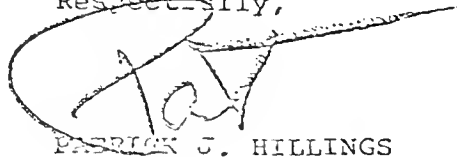
The dairy and related industries have great faith in your personal leadership. At the same time, they are shaken by the economy. The right kind of Proclamation issued quickly would dramatize your personal interest in a large segment of agriculture.

This problem is bogged down within the White House. It is a victim of the bureaucracy - the Trade Bill people, the National Security Council people, the domestic people. It has been studied and restudied. It is not moving.

We write you both as advocates and as supporters. The time is ripe politically and economically to impose the recommended quotas. Secretary Hardin, the Tariff Commission and the dairy industry all support this. All that is necessary is a simple Proclamation implementing the four specific Tariff Commission recommendations.

(We attach a more detailed Memorandum. The subject is quite interesting if you have time for it.)

Respectfully,

A handwritten signature in dark ink, appearing to be 'PJH', with a long horizontal flourish extending to the right.

PATRICK J. HILLINGS

PJH:ek

Enclosure

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House Judiciary Committee staff

THE WHITE HOUSE

Washington

June 18, 1970

CONFIDENTIAL

MEMORANDUM FOR HARRY S. DENT

From: Jack A. Gleason

Re: Operating Expenses, Special Project, July through November.

Harry,

Attached are summary figures indicating the difficulties in getting office space for our project. The essential problems are:

(A) No one will agree to short-term leases without charging substantial premiums over and above the figures indicated below.

(B) Unfurnished office space at an attractive price (De Salle Building) also happens to be very shabby in appearance and wide open to security problems.

(C) Private office space through "friends," either corporate or personal, presents additional security problems and opens the possibility for potential embarrassment. (Gadsby - Hannah space is no longer available as they are taking on an additional member in the firm.) The Senate Campaign Committee is no longer housed at the Washington-Hilton, Lee lives there which may have confused you, and even if he could get us lower cost than they have quoted to me, it still would be far more expensive -- after office supply costs are added -- than the Courtesy Associates proposal.

I strongly urge that we accept the Courtesy Associates proposal as it is not only the lowest cost, but is also the most efficient for us in terms of controlling administrative management problems. In addition, it is without a doubt the most secure operation that I have seen. In any event, the whole operational budget will run out a cost figure of less than one half of one percent of anticipated gross income which is pretty good. Your quick approval is desired as Courtesy Associates needs about one week to install phones and prepare the office.

Indistinct document retyped by  
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I.

A. Comparative Costs -- Furnished Space

(1) Washington-Hilton Hotel -- Two rooms, minimum \$1,000 - \$1,200 per month; still requires office equipment and supplies, and parking.

(2) Watergate Hotel -- Two rooms, minimum \$35 per day, roughly \$1,100 per month; would require same additional office equipment as in #1 above.

(3) Sheraton-Carlton Hotel -- Two rooms, \$55 - \$75 per day, \$1,500 - \$2,000 per month; would require additional office equipment as in #1 above.

Unfurnished Space

(1) Madison Hotel -- \$350 per month. (minimum one year lease.)

(2) De Salle Building -- \$200 per month. (one year lease, not ready for occupancy before September.)

(3) 1707 L Street, N. W. -- Minimum space available is 600 square feet at \$6.00 per square foot; \$360 per month.

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B. Costs for Furnishing Office

- (1) Xerox (smallest unit) \$60.00 per month plus supplies and excess copy charges.
- (2) Electric typewriter -- \$25.00 per month. Dictating equipment -- \$35.00 per month. (quotes supplied by Metropolitan Office Machines.)
- (3) Furniture for two offices -- minimum of \$100 - \$125 per month. (quotes supplies by Budget Furniture, Inc. and Lease-a-Desk, Inc.)
- (4) Office maintenance -- approximately \$50 per month.
- (5) Telephone installation -- \$22.00 (one time charge).
- (6) Parking space (2) -- approximately \$75 - \$100 per month.
- (7) Utilities (other than telephone) -- approximately \$25 per month.

Indicated furnishing costs: Low -- \$390; High -- \$440

II.

Recommended Procedure

Lease private office and secretarial space through Courtesy Associates. Space available July 1st through November. Total cost of \$625 per month includes following: secretarial supplies, electric typewriter, dictating equipment, use of Xerox machine, all furniture, office maintenance, parking, back-up telephone answering service, good security measures, conference room, all basic office supplies. Location at either 1730 Rhode Island Avenue or 1629 K Street.

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Estimated Budget -- Special Project

(1) <u>Per Month</u>	(5 months)	<u>Total</u>
Rent --	\$625	\$3,125
Secretary --	\$850	4,250
Postage and Telephone --	\$75 (estimate)	450
TOTAL Operational Expenses		<u>\$7,825</u>

(2) One-time Charges

Moving from E.O.B. to Office

Security checks of Office

Any travel or entertainment

(3) JAG salary (present rate) \$2,161 per month, already covered.

All above indicated expenses (Items #1 and #3) would suggest running costs of less than one half of one percent of anticipated gross income.

*JG*

cc: Herbert W. Kalmbach ✓

6. Before September 9, 1970 AMPI representatives stated to Colson that AMPI would arrange for \$2 million to be contributed to the President's 1972 re-election campaign.

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\* RE: OPEN HOUR 5:  
EVENT #75

THE WHITE HOUSE  
WASHINGTON

MTG WITH NELSON & PA

CONFIDENTIAL  
MEMORANDUM FOR: THE PRESIDENT

SUBJECT: Meeting with officers of the Associated  
Milk Producers, Incorporated  
September 9, 1970  
12:25 p.m. (10 minutes)  
Oval Office

001292

I. PURPOSE: Photo opportunity.

II. A. Background: This open hour meeting was scheduled so that a photograph could be taken for publicity purposes. The Milk Producers had very much hoped to have you at their convention last weekend in Chicago. Secretary Hardin represented you and Lunderstand that you talked by phone with the Chief Executive, Mr. Harold Nelson.

\*  
\*  
The Milk Producers have made very significant contributions to various key Senate races in which we are interested this Fall (approximately \$150,000 in total). They have also pledged \$2 million to the 1972 campaign.

B. Participants: Mr. Harold S. Nelson, General Manager, and David L. Parr, Special Assistant to the General Manager, Associated Milk Producers, Incorporated, and Charles Colson.

C. Press Plan: Ollie Atkins will take quick photographs.

III. TALKING POINTS:

A. It would be most helpful if you would tell Nelson and Parr that you are aware of their political support-- what they have already done this year to assist us and what they are committed to do in the future. If they

Page 2

realize that you are aware of what they are doing, it will strengthen very much my hand in dealing with them.

- B. I would suggest that you tell them that you none  
you can make some future convention and that you  
are sorry that you had to miss this one (according  
to Cliff Hardin, the Chicago stadium was full).
- C. Tell them, as you did on the phone Saturday, that you  
will be glad to meet with some of their key officials  
at some time in the near future to discuss farm problems  
of particular interest to the dairymen. You might  
also point out that Cliff Hardin has been a very vigorous  
and effective advocate of their problems and needs.  
✓ (Hardin, on your behalf, announced at the convention  
Saturday that the special milk program would be  
funded for this fiscal year, a program we had previously  
opposed).

001293



Charles W. Colson

WH

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Open Hour  
Wednesday, September 9, 1

Event No. 5

12:25 p.m. Harold S. Nelson, General Manager  
to Associated Milk Producers, Inc.  
12:35 p.m. David L. Parr, Special Assistant to General Manager  
Mr. Charles Colson

Mr. Colson will escort Messrs. Nelson and Parr into your office for a handshake and a photograph with you. The Associated Milk Producers organization was formed in November of 1969 as the result of the merger of various other farm groups.

Gifts: Presidential Key Chains

\* \* \* \* \*

Event No. 6

001294

12:35 p.m. Mr. and Mrs. Charles H. Thomas  
to Dana Thomas  
12:40 p.m.

Mr. and Mrs. Thomas and their six-year-old daughter Dana will be brought into your office for a handshake and a photograph with you. Mr. Thomas was present at a previous Open Hour and was invited by you to return with his daughter at some future date.

Gifts: Mr. Thomas: Presidential Key Chain  
Mrs. Thomas: Presidential Bow Pin  
Dana Thomas: Apollo View-Master

\* \* \* \* \*

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Mr. Weitz. Several hundred committees?

Mr. Nelson. Yes.

Mr. Weitz. What total amount did you contemplate contributing, or did you tell them you would contribute?

Mr. Nelson. Well, we did not tell them any specific amount; at various times, a million dollars, two million dollars or even more money was discussed. And had they given us the names of the committees, they could have gotten much more money from us.

Mr. Weitz. When you say a million, two million dollars or more was discussed at various times, who discussed it? Did you discuss it with some individuals or did you --

Mr. Nelson. There would just be amounts that would be thrown out about the --

Mr. Weitz. Yes. Did you hear those amounts discussed, or did you yourself discuss those amounts?

Mr. Nelson. Ordinarily, I would not be the one to mention those amounts.

Mr. Weitz. Who did?

Mr. Nelson. Mr. Parr.

Mr. Weitz. In your presence?

Mr. Nelson. He has mentioned those amounts in my presence, yes.

Mr. Weitz. Who else was present at any of the times that Mr. Parr mentioned those amounts?

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Mr. Nelson. Mr. Colson.

Mr. Weitz. Mr. Colson. Was it at this meeting in 1970,  
for example?

Mr. Nelson. I do not recall it being at that meeting,  
Everybody knew that they had demonstrated their -- to me, it is  
an unfathomable thing -- inability to come with a list of com-  
mittees.

Mr. Weitz. Well, how early -- was this the first meetings  
when you raised the first possibility of committees being  
organized, or had you asked for these committees earlier?

Mr. Nelson. We had asked for these committees earlier.

Mr. Weitz. How much earlier?

Mr. Nelson. I cannot tell you when it would be.

Mr. Weitz. 1969?

Mr. Nelson. No. I do not recall in '69, but among the  
first meetings we had with Mr. Colson we asked for committees.

Mr. Weitz. When was the first time you met with Mr.  
Colson?

Mr. Nelson. Let us say, we may have met with him in  
'69, but if not, it was certainly early '70.

Mr. Weitz. And at one of the first or early meetings,  
you mentioned that you wanted to make contributions and wanted  
the names of committees?

Mr. Nelson. Yes, sir. We sure did.

Mr. Weitz. Did you mention the contribution in 1969, the

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Mr. Sanders. Yes, but as I recall your previous testimony, you put it in the context of in discussion of this, and really my question is, did you ever make such representation?

Mr. Parr. I do not recall anything specifically. No, sir.

Mr. Sanders. Did you ever say that dairy people could give more than labor organizations?

Mr. Parr. I would have loved to have said that.

Mr. Sanders. Do you think you might have?

Mr. Parr. I don't know.

Mr. Sanders. Well, what I wanted to ask you is, when do you think you might first have said something to that affect. But I suppose your answer is that you do not recall that you ever really said it?

Mr. Parr. Well, I want to be fair with everybody, and if I could shed any light on it I would sure try to do it.

Mr. Sanders. Please try to understand. I am not asking you if you promised that to the Administration or the re-election, or that you promised to give that in return for a certain favor. I am just asking if you made a general statement that this much money would be available.

Mr. Parr. I just remember a discussion of about a million dollars, and then somebody said two million dollars, and that's the --

Mr. Sanders. Would the first time that that occurred have been in Colson's office?

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Mr. Parr. Do you mean discussions of that type of nature?

Mr. Sanders. Yes.

Mr. Parr. I just don't know.

Mr. Sanders. Can you recall who participated in such a discussion?

Mr. Parr. No, sir. I do not. We were --

Mr. Gibson. Can we go off the record just a second and take a break?

Mr. Sanders. (Nods in the affirmative.)

(Discussion off the record.)

Mr. Sanders. Back on the record.

Mr. Parr. In relation to this one million and two million, I recall that it was said, discussed, and as I recall, it was sort of in a jesting manner. That is the best recollection I can have.

I have testified that one was mentioned, and then I believe Mr. Colson said, this is a two million dollar package, or some words like that.

Mr. Sanders. The obvious implication of your answer is that it occurred in Colson's office?

Mr. Parr. Yes, sir.

Mr. Sanders. What I was wondering is, is this the first time to your recollection that contributions of that magnitude had been discussed in your presence?

Mr. Parr. We were constantly discussing what we expected

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7. On September 4, 1970 the President telephoned AMPI General Manager Nelson at the AMPI convention in Chicago, expressed his regret at being unable to attend the AMPI convention and invited Nelson to meet with him in Washington to arrange a meeting with a larger delegation of dairy leaders at a later date. On September 9, 1970 Parr and Nelson had a nine-minute "photo opportunity" meeting with the President and Colson at the White House. In preparing for the meeting, the President reviewed a memorandum by Colson which stated that the milk producers had pledged \$2 million to the 1972 campaign. Colson said in the memorandum that it would be most helpful if the President would tell Nelson and Parr that he was aware of their political support, what they had already done that year to assist and what they were committed to do in the future. Colson said that if the visitors realized that the President was aware of what they were doing, it would strengthen very much Colson's hand in dealing with them. Parr has testified that during the meeting, the President stated that he had heard some very good things about AMPI and that he wanted to address an AMPI convention.

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FOR IMMEDIATE RELEASE

JANUARY 8, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

The Milk Support Price Decision

During the spring of 1971, Secretary of Agriculture Clifford Hardin announced that certain dairy products would be supported by the Federal Government at 80 percent of parity during the 1971-72 marketing season. Subsequently, under heavy pressure from the Congress to increase supports and after consultation with his senior advisers, the President reconsidered and requested the Secretary to raise the price support level for the coming year to 85 percent of parity.

Because the President also met with dairy leaders during this same period and because campaign contributions were given to his re-election effort during 1971, there have been charges in the media and elsewhere that the President's actions on price supports were the result of promises from the dairy industry to contribute to the 1972 Republican Presidential campaign. These allegations are unsupported by evidence and are totally false.

I. The Decisions of March, 1971

The decision announced each year by the Secretary of Agriculture of the price at which the Government will support milk prices has a significant impact on the Nation's dairy farmers. In 1970, Secretary Hardin had announced that for the marketing year running from April 1, 1970 through March 31, 1971, the Government would support manufacturing milk at \$4.66 per 100 pounds, or at 85 percent of parity. This figure represented an increase of 38 cents and an increase of 2 percent of the parity rate over the year before (1969-1970).

As the 1971-72 marketing season approached, the question within the Government was whether to continue supporting the milk price at \$4.66 per 100 pounds or to raise the price. Because a grain shortage and other factors had increased the costs of production for dairy farmers, a continuation of the \$4.66 price meant that the parity rate would actually fall to approximately 80 percent. To the farmers, a drop in parity rate would result in a possible loss of income which in turn could deter production. The farmers therefore advocated an increase in the price support to \$5.21 per 100 pounds, or 90 percent of parity; at the very least, they argued, the Government should raise the price to \$4.92 per 100 pounds and thereby maintain the current parity rate of 85 percent. At the Department of Agriculture, it was feared that such price increases might encourage excess production on the farms, raise the prices of dairy products for consumers, and ultimately force the Government to purchase the surplus products.

The dairy industry, which had become highly organized in the 1960s, moved to exert maximum, direct pressure on the Secretary of Agriculture in early 1971. In a few weeks, over 13,000 letters from milk producers were received by the Department of Agriculture.

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At the same time, the dairy industry worked to achieve its objectives indirectly through Members of the Congress who agreed with industry views. The upper Midwestern affiliate of the Associated Milk Producers, Inc. (AMPI) estimated that its members alone sent some 50,000 letters to Congressmen on the subject of milk supports. Between February 23 and March 12, 1971, some 25 Senators and 65 Congressmen wrote the Secretary of Agriculture to urge that the \$4.66 support price be increased. Some twenty Senators and 53 Representatives indicated that they wanted to see the price raised to a full 90 percent of parity (\$5.21 per cwt.). Four Senators and eight Representatives adopted a more restrained position, asking that the price be raised to at least 85 percent of parity (\$4.92).

Some of the letters openly referred to the fact that spokesmen for the dairy cooperatives -- AMPI, Dairymen, Inc., or their affiliates -- had written or called upon the Congressmen to ask for support. A number of letters were apparently drafted by lobbying groups.

Many of the Members also took to the floor of the House and Senate to express their concern:

On March 1, Congressman Robert W. Kastenmeier (D., Wis.) rose to tell his colleagues: "We need your assistance in persuading the Administration to raise dairy price supports to 90 percent of parity . . ." (Congressional Record, p. 4310). His sentiments were echoed by Congressman Les Aspin (D., Wis.).

After March 7, when the Associated Press reported that Secretary Hardin might raise the support level to 85 percent of parity, Senators Hubert Humphrey (D., Minn.), Vance Hartke (D., Ind.), Walter Mondale (D., Minn.), and Fred Harris (D., Okla.), as well as Congressmen Ed Jones (D., Tenn.), Robert McClory (R., Ill.), and Vernon Thomson (R., Wis.), all made floor speeches in favor of a 90 percent level.

On March 8, Congressman William Steiger (R., Wis.) entered into the Congressional Record a letter he had sent to Secretary Hardin calling for 90 percent parity.

On March 9, both Senators Hartke and Humphrey called again for the 90 percent level.

On March 10, Congressman Jones argued that even 90 percent would not be a "decent return," but "it would certainly help." Mr. Jones urged the Department of Agriculture not to "sit idly by and watch our dairy industry decline into oblivion. Unless dairy price supports are set at a level high enough to guarantee 90 percent of parity, that is exactly what we are inviting." (Congressional Record, pp. 5956-57). Senator Mondale again called for the 90 percent level.

On March 11, Congressman Thomson repeated his call for a 90 percent decision.

While their colleagues were marshalling support in open floor speeches, senior Democratic leaders in the Congress were expressing their concerns privately to representatives of the Administration. On February 10, the Chairman of the House Ways and Means Committee, Wilbur Mills, (D., Ark.), arranged a meeting

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in the office of Speaker Carl Albert (D., Okla.) to discuss the dairy issue. Representatives of the dairy industry had apparently asked for the meeting to plead their case. In attendance were Harold Nelson and David Parr from AMPI; Congressmen Mills, Albert and John Byrnes (R., Wis.); William Galbraith, head of Congressional liaison for the Department of Agriculture; and Clark MacGregor, then Counsel to the President for Congressional Relations.

The Congressional leaders continued to make their views known in several private conversations thereafter. According to Mr. MacGregor's records, Congressman Mills urged him on at least six occasions in late February and early March to urge the President to raise the support price. Congressman Mills and Speaker Albert also telephoned the Director of the Office of Management and Budget, George Shultz, with the same request. Mr. Shultz sent a memorandum to John Ehrlichman at the White House indicating the substance of the Mills request for a rise in the support level.

Nevertheless, on March 12, Secretary Hardin announced that the price support for the coming year would be approximately 80 percent of parity -- not 90 percent as the dairy industry wanted. The Secretary's announcement acknowledged that some dairymen believed that the support price should be increased. But, he said, higher support prices might lead to excessive supplies and large surpluses. Mr. Hardin believed his action was "in the long-term best interests of the dairy producers."

Immediately following the Agriculture Department announcement of March 12, 1971, a campaign was initiated on Capitol Hill by both Democrats and Republicans for mandatory legislation to increase the parity level to 85 or 90 percent. Thirty separate bills were introduced in the House of Representatives between March 16th and March 25th with this specific goal in mind. One hundred and twenty-five Members of the House of Representatives introduced or co-sponsored legislation to support the price of manufacturing milk at a level of not more than 90 percent nor less than 85 percent. In other words, 85 percent would be an absolute floor for price supports. Of these Representatives, 29 were Republicans and 96 were Democrats. Two Congressmen, one from each side of the aisle, also introduced legislation for a mandatory level of 90 percent of parity.

In the Senate, 28 Senators, led by Democratic Senator Gaylord Nelson of Wisconsin, introduced legislation on March 16, 1971, that would have required support levels at a minimum of 85 percent of parity. Of the Nelson bill sponsors, one was a Republican (Senator Cook of Kentucky) and 27 were Democrats (Senators Allen, Bayh, Burdick, Bentsen, Cranston, Eastland, Eagleton, Fulbright, Gravel, Hart, Harris, Hollings, Hartke, Hughes, Inouye, Long, Mondale, McGee, McGovern, Muskie, Moss, Nelson, Proxmire, Sparkman, Stevenson, Symington, Tunney). Three days later, Senator Hubert Humphrey sponsored his own bill seeking higher parity.

Philosophically, the Nixon Administration had hoped to gradually move away from Federal policies which provide massive subsidies to agriculture. These subsidies had initially been instituted during the Depression years when the Government undertook a variety of measures to ease the plight of the farmers and to give them some degree of economic stability

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and continuing purchasing power. During the ensuing decades, when these support policies might have been phased out, they instead became political footballs, tossed about in the Congress, aided and abetted by well-organized farm lobbying groups.

The dairy support question proved to be no exception. On March 28, 1971, for instance, the Minneapolis Tribune quoted an aide of Senator Gaylord Nelson to the effect that representatives of AMPI, who were operating out of a three-room hotel suite in Washington, played a major role in the preparation of the Senator's bill. According to this account, AMPI also provided some of the research material which the Senator used for a public statement.

With 29 Senators and more than 100 Congressmen actively spearheading the effort to achieve an increased parity rate for the dairy industry, it thus became increasingly clear that mandatory legislation would be enacted and, further, that a Presidential veto of such legislation could well be overridden. Moreover, if the President were to try to force his will in this matter (i.e., to push parity down to 80 percent) it could be politically disastrous in some of the Midwestern States, and, in the light of known Congressional intentions, would be both foolish and futile.

A story reported by United Press International on March 24, 1971 (UPI-55) described the problem in these terms:

"Washington -- President Nixon probably will face the politically risky prospect of vetoing a bill to raise prices for dairy farmers unless he beats Congress to the draw by boosting milk supports voluntarily, a top Democratic farm bloc leader said today.

"Nixon's latest farm bloc headache grows out of the Administration's decision earlier this month to refuse any increase in milk price supports for the 1971-72 marketing year which begins April 1.

"On the heels of the refusal, a growing parade of legislators in both the House and Senate have introduced bills to require an increase. The list of some 80 House sponsors, including Members of both parties, is topped by Speaker Carl Albert and Chairman W. R. Poage, D-Tex., of the House Agriculture Committee.

"If the Administration doesn't act, I think we can and will pass the bill," Poage told UPI in an interview.

"Nixon could veto the measure if he remains adamant against higher milk supports, Poage said, But this would bring on a spotlighted confrontation with many farm interests, the Texan said."

Some months earlier, Godfrey Sperling, writing in the Christian Science Monitor on December 1, 1970, had observed that "farmers and rural communities of America are deeply distressed with the Nixon Administration . . .", especially "with the paring of subsidies . . ." Sperling also noted the election results of November 3, 1970: "Democrats in 11 basically agricultural districts picked up new Congressmen. At the same time no Democrats who were incumbents in such farm districts were defeated." Finally Sperling mentioned those Democrats who

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did well in farm areas: Senators Joseph Montoya of New Mexico, Quentin Burdick of North Dakota, Hubert Humphrey of Minnesota, Stuart Symington of Missouri, Adlai Stevenson of Illinois, Vance Hartke of Indiana, Gale McGee of Wyoming, Frank Moss of Utah and William Proxmire of Wisconsin. All but one of these Senators in 1971 were supporting dairy industry efforts to obtain higher price supports.

The situation was not dissimilar to one facing President Lyndon Johnson in 1967 when he was forced to curb dairy imports by a Congress which had introduced legislation as a prodding action. Mr. Johnson sharply reduced dairy imports in that year after 58 Senators, led by Senator William Proxmire (D., Wis.), and 180 Congressmen had introduced a dairy import control bill. In 1967, as in 1971, the activity in the Congress had taken place after the dairy lobby had, by one account, "launched an all-out drive to get Congress" to pass import controls.

With the pressures from Capitol Hill mounting rapidly, President Nixon during the afternoon of March 23rd met with seven of his senior advisers to explore the situation with regard to milk price supports. This was the President's second meeting of the day concerning dairy matters. As will be discussed below, the President and other Administration officials met that morning with dairy representatives in response to a long-standing appointment. Meeting with the President that afternoon were John Connally, then Secretary of the Treasury; Clifford Hardin, then Secretary of Agriculture; Under Secretary of Agriculture, J. Phil Campbell; George Shultz, then Director of the Office of Management and Budget; John D. Ehrlichman, then Assistant to the President for Domestic Affairs; John Whitaker, then Deputy Assistant to the President for Domestic Affairs; and Donald Rice, then Associate Director of the Office of Management and Budget. The discussion was frank and wide-ranging. It included an appraisal of the support which the milk price legislation had on Capitol Hill and the fact that the legislation had the support of two of the most powerful legislators in the country -- Speaker of the House of Representatives Carl Albert and the Chairman of the House Ways and Means Committee, Wilbur Mills.

The political power of the dairy industry lobby was also brought to the President's attention in the March 23rd meeting. Secretary Connally said that their votes would be important in several Midwestern States and he noted that the industry had political funds which would be distributed among House and Senate candidates in the coming election year -- although neither the Secretary nor anyone else discussed possible contributions to the President's campaign. Mr. Connally argued that the milk industry's case also had merit on strictly economic grounds, and rising costs for dairy producers were mentioned.

The President himself concluded that the final decision came down to the fact that the Congress was going to pass the higher support legislation, and he could not veto it without alienating the farmers -- an essential part of his political constituency. It was also believed that by raising the support level in 1971, similar action in 1972 could be precluded -- thus holding the price line for two years.

The fundamental themes running through this March 23rd meeting were two: (1) the unique and very heavy pressures being placed upon the President by the Democratic majority leadership in the Congress and (2) the political advantages and disadvantages of making a decision regarding a vital political constituency.

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After the President announced his decision there was discussion of the great power of the House Democratic leadership (which was then pressing for the milk price support increase) and how that power might be enlisted in support of certain of the President's key domestic legislation if the Administration acknowledged the key role these leaders played in securing the reversal of Secretary Hardin's March 12 decision. The meeting concluded with a discussion of the manner in which the decision would be announced and implemented.

Two days later, on March 25, Secretary Hardin officially announced the decision to raise the support level to approximately 85 percent of parity for the 1971-72 marketing season.

Three days after the second price decision, the Minneapolis Tribune reported that the reversal "was the result of an intensive lobbying campaign mounted by the Nation's biggest milk-producer cooperatives with the eager -- and perhaps crucial -- assistance of dozens of Members of Congress, including many whose recent election campaigns were financed partially by the dairy industry's political war chest." Among the lawmakers cited with Senators Edmund Muskie (D., Me.) and Hubert Humphrey, were Congressman Carl Albert, and the Chairman of the House Agriculture Committee, W. R. Poage (D., Tex.).

The response on Capitol Hill demonstrates the political realities that the President faced.

On March 30, Republican Senator James Pearson of Kansas told his Senate colleagues that he had intended to introduce legislation for the very purpose of raising supports, but "apparently the Administration has had the benefit of deep concern expressed by both farm State Congressmen and dairy farmers . . ." Democratic Senator James Allen of Alabama joined him in a similar expression of views.

On April 1, Democratic Senator George McGovern of South Dakota, who had actively sought a rise in price supports, noted that he had joined other Senators in hoping supports would be set at 85 percent. "This reversal," said Senator McGovern, "can be considered a victory for those in Congress who spoke out vigorously on behalf of the dairy farmers."

On April 5, Senator Nelson, who had worked closely with dairy interests on this matter and had introduced the mandatory 85 percent support legislation, S. 1277, said that the support increase "accomplished by administrative order what the legislation would have accomplished." He went on to say that "the decision obviously was the result of S. 1277, which was co-sponsored by 27 Senators, and a companion measure in the House which likewise had substantial support . . . The Secretary of Agriculture responded to the outpouring of Congressional and farmer concern over the initial decision on price supports by adjusting the support level upward . . ."

This Congressional pressure was the "gun to our head" that President Nixon referred to in his November 17, 1973 press conference.

It is also worth noting that in 1972, a year after the struggle over a legislatively mandated support level for milk, the Congress enacted legislation which requires that milk be supported at a level no lower than 85 percent in future years.

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## II. The Dairy Industry Contributions and Lobbying Activities

The discussion in the foregoing section shows that overwhelming Congressional pressure -- and the political consequences of ignoring it -- was the reason for the milk price support decision reached on March 23rd.

The lobbying and contribution activities of the dairy industry followed a separate track. Not unexpectedly the industry undertook to cover every available base. But there was no arrangement or understanding between the industry and the President as has been so widely and falsely alleged.

The very nature of the Governmental process -- with decisions frequently being made within the executive branch on the administration of critical dairy programs and with dairy legislation constantly under review in the Congress -- encouraged the dairy farmers to organize and become a potent political force in recent years. There are now three major dairy cooperatives in the United States: AMPI, Mid-America Dairies (Mid Am) and Dairymen, Inc. (DI). Together these cooperatives have over 66,000 members and account for about 25 percent of all the milk produced in the United States.

These dairy organizations not only represent in Washington the interests of their members, they also exert influence through the ballot box and through political contributions. Their activity is not unlike the fundraising and contributing activities of a number of special interest groups such as the Committee on Political Education (COPE) of the AFL-CIO.

The record shows the following lobbying and contribution activities by the dairy industry representatives between 1969 and 1971:

### 1969-1970

President Nixon had no direct contact with any of the members of these dairy organizations until 1970 when AMPI officials invited him to address their annual convention in Chicago in September. The President was unable to accept the invitation, and Secretary Hardin spoke in his place.

Although he could not attend the convention, the President -- as he frequently does -- placed a courtesy phone call on September 4, 1970 to the General Manager of AMPI, Mr. Harold Nelson. He also spoke with Secretary Hardin, who was with Mr. Nelson. During that conversation, the President invited the dairy leaders to meet with him in Washington and to arrange a meeting with a larger delegation of dairy leaders at a later date.

Accepting the President's invitation, Mr. Nelson and his special assistant, David Parr, paid a brief courtesy call on the President on September 9, 1970.

The meeting, which was publicly announced to the press, occurred in the Oval Office, and, according to the President's diary, lasted approximately nine minutes. Most of that time was consumed with introductions, photographs and the distribution of Presidential souvenirs.

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The context of the meeting was a greeting during a Presidential "Open Hour" -- a session frequently arranged for short courtesy calls from diverse groups and individuals. During the "Open Hour" of September 9, the visit from the AMPI representatives was fitted in between the visits of 25 other people, including a group to encourage military servicemen to exercise their votes, a group of concerned citizens from the State of South Dakota and a contingent of Gold Star Mothers.

Mr. Parr has stated in a sworn deposition that it was essentially a social visit. He and Mr. Nelson invited the President to address the next AMPI convention in 1971 and also expressed a hope that he would meet with other dairy industry leaders. Mr. Parr also remembers that the men spoke about the economic plight of the dairy farmer.

Although money was not discussed in the meeting between AMPI representatives and the President in September of 1970, it is evident that raising and making political contributions to both Democrats and Republicans were important, continuous and conspicuous activities of the dairymen during 1970, 1971 and 1972.

During the late 1960's each of the three major dairy co-operatives established a trust fund in order to raise and distribute money to political candidates. AMPI established the Trust for Agricultural Political Education (TAPE), Mid-America Dairies established the Agriculture and Dairy Educational and Political Trust (ADEPT), and Dairymen, Inc. created the Trust for Special Agricultural Community Education (SPACE).

In August of 1969, an attorney for AMPI delivered to Mr. Herbert Kalmbach the sum of \$100,000. Mr. Kalmbach deposited the funds in a trustee account he maintained at the Security Pacific National Bank in Newport Beach, California. The account contained political contributions remaining from the 1968 election campaign. The President had no knowledge of this contribution.

Reports on file with the Clerk of the House of Representatives showed that contributions to Congressional candidates in 1969 and 1970 by TAPE, SPACE, and ADEPT totaled over \$500,000. The bulk of the money was earmarked for Democratic candidates. Representatives of the dairy co-ops have indicated in an Associated Press account of December 17, 1973 that Republican candidates received approximately \$135,000, or less than 30 percent of the funds.

Some members of the White House staff knew that the dairymen were giving financial support to Republican and Democratic candidates in Senate elections in 1970. One member of the staff, Charles W. Colson, asserted in a memorandum to the President that AMPI had pledged \$2 million to the 1972 campaign. (Whether any such pledge was actually made is unknown, but the total amount given to the President's 1972 campaign was \$437,000. As noted below, AMPI's campaign contributions to other candidates during this period were even more generous.) That memorandum was attached to a Presidential briefing paper for the courtesy meeting between the President and the AMPI representatives in September of 1970. It was suggested in the

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memorandum that the President acknowledge AMPI's support. No suggestion was made that any commitment whatsoever be made to do any substantive act. There was also no mention of the asserted pledge during the meeting.

Another reference to fundraising was in a letter addressed to the President on December 16, 1970 from Patrick J. Hillings, a former Congressman who had succeeded Mr. Nixon in his Congressional seat after the latter had been elected to the Senate. At that time, Mr. Hillings was a member of a Washington, D.C. law firm that represented the dairymen in the Nation's Capital. In his letter, Mr. Hillings asked for the immediate imposition of revised dairy import quotas in accordance with recommendations recently presented to the President by the Tariff Commission. President Nixon did not see the letter.

Since the President had already been informed of the fundraising efforts by the dairy industry, the only possible relevance of the Hillings letter would lie in what action was taken on the Tariff Commission recommendations that Mr. Hillings asked the President to accept.

The fact is that the action taken by the President on import quotas was less favorable to the dairy industry than the steps recommended by the Tariff Commission. The Commission, a body of impartial experts, had recommended on economic grounds and pursuant to statutory requirements that imports be closed off entirely for three dairy products (ice cream, certain chocolate products, and animal feeds containing milk derivatives) and that much lower import quotas be set for a fourth item, low-fat cheese. Rather than closing off imports -- an action that would have been more favorable to the dairy industry -- the President instead reduced the import quotas on each item, permitting all four goods to continue their competition with American dairy products.

#### 1971

The President next met with dairy representatives at 10:30 a.m. on March 23, 1971, in the Cabinet Room of the White House. Included in the meeting were a delegation from the dairy cooperatives as well as several Administration officials, including OMB Director, George Shultz; Assistant to the President, John Ehrlichman; Deputy Assistants to the President, Henry Cashen and John Whitaker; and Donald Rice, Associate Director of OMB. From the Department of Agriculture were Secretary Hardin; Under Secretary Phil Campbell; Assistant Secretaries Clarence Palmby and Richard Lyng; and Deputy Assistant Secretary William Galbraith.

Contrary to allegations which have since been made, the meeting had been scheduled more than three weeks before the March 12 announcement on price supports by Secretary Hardin. As noted above, the meeting stemmed from an invitation first extended on September 4, 1970 when the President spoke by telephone to Harold Nelson of AMPI. In January of 1971, Secretary Hardin recommended to the White House that the meeting be placed on the President's schedule. Thereafter, in February, the White House arranged the March meeting.

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The President opened the meeting by thanking the dairy leaders for the support they had given to Administration policies and praised them for their activism in pursuing goals which were important to them. The remainder of the meeting was taken up with the dairy leaders pleading their case for higher supports and with other Administration officials expressing concerns about overproduction and higher retail prices. There was no mention whatsoever of campaign contributions. Nor were any conclusions regarding dairy supports reached at the meeting, as the President pressed the attendees as to whether or not they could control overproduction. Much was said by the dairy representatives of the higher costs of their doing business.

Prior to this meeting, a staff memorandum was prepared as a briefing paper for the President. That paper briefly noted that the dairy lobby -- like organized labor -- had decided to spend political money and that Pat Hillings and Murray Chotiner were involved. There was no suggestion that the President should give special treatment to the dairymen. In fact, that same paper discussed in much more detail the pressure which was coming from the Congress for higher supports; that the Congress was acting at Speaker Albert's instigation; that the Democratic leadership wanted to embarrass the President; and that a bill for higher supports would probably be passed, thus presenting the President with a very tough veto situation.

There were no other discussions between the President and the dairy industry representatives prior to the President's decision on the afternoon of March 23, 1971.

There are a number of mistaken notions with regard to these lobbying efforts of the dairy industry. One is that they had a substantial influence upon the President's decisions. That is untrue. Another is that the dairy contributions represented a substantial portion of the total funding of the President's re-election effort. The truth is that the contributions from the dairymen amounting to some \$427,000, constituted less than one percent of the total.

It should be further noted that from the perspective of the dairymen, their contributions to President Nixon's campaign organizations were not the major focus of their efforts. According to the Congressional Quarterly of March 17, 1973, reports publicly filed by the political arms of the cooperatives show the following total contributions by the political arms of the dairy cooperatives to all political candidates from April 7, 1972 through December 31, 1972:

ADEPT	\$324,292.58
CTAPE*	906,245.00
PACE	17,650.00
SPACE	<u>254,700.00</u>
TOTAL	\$1,502,887.58

(\*Note: CTAPE became the major distribution arm of the Associated Milk Producers during the 1972 campaign. Its parent, TAPE, transferred funds to CTAPE, which in turn gave them to the candidates' organizations.)

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The Congressional Quarterly account reports that of the \$1.5 million contributed by the dairy cooperatives to political campaigns after April 7, 1972, \$95,000 went to support the candidacy of President Nixon. Thus, after April 7, 1972, President Nixon's campaign received less than one-fifteenth of the available funds distributed by the dairy trusts. The rest -- more than \$1.4 million -- flowed into the campaigns of Senate and Congressional candidates and to primary contestants in the Democratic Presidential race.

A great number of the Congressional and Senatorial candidates to whom dairy funds were given were also leaders in the effort to legislate a mandatory increase in milk supports in March of 1971. [Note: No records are available to compare the contributions to President Nixon prior to April 7, which amounted to approximately \$332,000, with the contributions given to other candidates prior to April 7.]

### III. Consequences of President's Decision

Although the President's decision of March 23rd was based largely on political realities, unrelated to campaign contributions, it also proved to be sound economics. Here, in brief, were the economic results:

Milk Production: One of the continuing concerns of the Department of Agriculture is to assure that milk supplies are adequate but not excessive. In the mid-1960's, there was a downward trend in the production of milk from 126.9 billion pounds in 1964-65 to 116.5 billion pounds in 1969-70. Supplies had become sufficiently low by the late 1960's that Secretary Hardin's decision to raise the milk support level in 1970 was based in large part upon his desire to increase production. The support increase of 38 cents per hundredweight for that year helped to end the decline in production as some 117.4 billion pounds of milk were produced in the 1970-71 marketing year. The additional increase in the support price to \$4.93 as a result of the March 25th announcement provided still further assurances against the resumption of a downward trend in production. For the marketing year 1971-1972, the total milk production was 119.4 billion pounds.

Cost of Milk to the Consumer: The average retail price per half gallon of milk has been rising steadily since 1965, as shown by this chart:

1965	47.3¢
1966	49.8
1967	51.7
1968	53.7
1969	55.1
1970	57.4
1971	58.9
1972	59.8

(Yearly average retail price per half gallon  
of milk in leading cities of the United States;  
U.S. Department of Agriculture)

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From the view of the consumer, it can be seen that prices continued to rise, but that the 1971-72 increase was the smallest of all the years shown on the chart -- and was considerably less than the rate of general inflation. These reductions in the rate of milk inflation in 1971 and 1972 are directly related to the President's decision of March 23 because the announcement of March 25 encouraged the production of milk to a level higher than it otherwise would have been. Thus, because supplies increased, market price increases have been less than they otherwise would have been.

Cost of the Milk Support Program to the Government:  
Net expenditures for the dairy price support program and related costs (butter, cheese, dried milk and similar products) were as follows for the recent fiscal years (Commodity Credit Corporation Net Expenditures):

Fiscal Year 1970 --	\$ 87.2 million
Fiscal Year 1971 --	214.3 million
Fiscal Year 1972 --	174.2 million
Fiscal Year 1973 --	116.6 million

As can be seen, the cost during the fiscal year in question -- 1972 -- was considerably lower than the year before. It dropped again the following year.

Government Inventories of Dairy Products: One of the concerns of the Secretary of Agriculture is to ensure that his Department has reasonable supplies of dairy products to meet the goals of its family feeding and child nutrition programs. At the same time, the Secretary wants to avoid excessive production which would tend to overload the Department's stocks. The aim is thus to achieve a balance in the Commodity Credit Corporation (CCC) stockpiles. As of January, 1971, there was some concern that the stocks might fall too low if production of milk were reduced. As it turned out, the butter, processed cheese and nonfat dry milk stocks in the CCC dipped between a high of 257.9 million pounds to a low of 62.7 million pounds during 1971, even with increased production of milk, but it is a virtual certainty they would have been even lower if the decision had not been made to raise the parity level to 85 percent. Here are the figures for the CCC's uncommitted inventory as of January 31 of each year: (in millions of pounds)

<u>Marketing Year</u>	<u>Butter</u>	<u>Cheese</u>	<u>Nonfat Dry Milk</u>
1968	124.7	67.9	208.4
1969	73.0	23.1	221.1
1970	35.2	--	116.5
1971	61.8	6.6	18.7
1972	37.1	1.9	1.4

On the basis of all four of the indices above -- milk production, cost of milk to the consumer, the cost of running the USDA's milk support program, and the quantity of inventories held by the Commodity Credit Corporation -- it would appear that the March 25th reversal of the milk support decision in fact proved to have substantial benefits for all segments of the Nation's economy.

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#### IV. Conclusions

The information contained in this discussion can be summarized as follows:

-- Immediately after the Agriculture Department first announced on March 12 that milk would be supported at approximately 80 percent of parity, pressures developed on Capitol Hill for mandatory legislation to increase the parity level to 85-90 percent. Several of the President's advisers believed that the legislation would be enacted and that a Presidential veto of such legislation would be politically disastrous for Mr. Nixon in several States.

-- Except for the fear that a rise in supports would create problems of overproduction, several advisers believed the dairymen's case to be meritorious due to the rising costs of fuel, feed, and labor for those producing dairy products. In fact, the corn blight of 1970 considerably reduced many supplies of feed grain for the 1971 marketing year.

-- With the Congress putting "a gun to our head" and with his senior advisers supporting him, the President decided that the parity level should be increased to 85 percent.

-- Economically, the President's decision to raise the support level proved to be sound and beneficial for the Nation.

-- While the President had been advised that the dairymen had decided to make contributions towards the re-election effort of 1972, this did not influence the President's decision to raise the level of supports.

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1971 CONGRESSIONAL BILLS ON DAIRY PRICE SUPPORTS  
HOUSE OF REPRESENTATIVES

The following bills are substantially identical to each other:

<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/16/71	H.R.6188	Smith (D-Iowa) Edmondson (D-Okla) Hungate (D-Mo) Roush (D-Ind) Jones (D-Tenn) Teague (D-Tex) Steiger (R-Wis) Burton (D-Calif) Hamilton (D-Ind) Griffin (D-Miss) Burleson (D-Tex) Burlison (D-Mo) Fraser (D-Minn) Ullman (D-Ore) Shipley (D-Ill) Randall (D-Mo) Price (D-Ill) Kuykendall (R-Tenn)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/17/71	H.R.6248	Roncalio (D-Wyo)	"
3/17/71	H.R.6249	Smith (D-Iowa) Poage (D-Tex) Patman (D-Tex) Sisk (D-Tex) Obey (D-Wis) Sikes (D-Fla) Steed (D-Okla) Culver (D-Iowa) Kyl (R-Iowa) Bergland (D-Minn) Abbitt (D-Va) Abourezk (D-S.Dak) Kastenmeier (D-Wis) Fascell (D-Fla) Broyhill (R-N.C.)	"
3/17/71	H.R.6250	Smith (D-Iowa) Casey (D-Tex) Hansen (D-Wash) Shriver (R-Kan) Pickle (D-Tex) Pryor (D-Ark) Blanton (D-Tenn) Flowers (D-Ala) Fulton (D-Tenn) Hammerschmidt (R-Ark) Wright (D-Tex) Aspin (D-Wis) Thone (R-Nebr) Daniel (D-Va) Dorn (D-S.C.) Fisher (D-Tex) Edwards (D-La)	"

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<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/17/71	H.R.6289	O'Konski (R-Wis)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/18/71	H.R.6412	Zwach (R-Minn)	"
3/18/71	H.R.6425	Harvey (R-Mich)	"
3/18/71	H.R.6443	Smith (D-Iowa) Abernethy (D-Miss) Stubblefield (D-Ky) Purcell (D-Tex) Matsunaga (D-Hawaii) Vigorito (D-Pa) Denholm (D-S.Dak) Martin (R-Nebr) Roberts (D-Tex) Halpern (R-N.Y.) Zablocki (D-Wis) McFall (D-Calif) Montgomery (D-Miss) Johnson (D-Calif) Schwengel (R-Iowa) Anderson (D-Tenn) Watts (D-Ky) Perkins (D-Ky) Riegle (R-Mich) Whitehurst (R-Va)	"
3/23/71	H.R.6534	Hull (D-Mo)	"
3/23/71	H.R.6553	Natcher (D-Ky)	"
3/23/71	H.R.6559	Quillen (R-Tenn)	"
3/23/71	H.R.6619	Gross (R-Iowa) Scherle (R-Iowa) King (R-N.Y.) Hall (R-Mo)	"
3/23/71	H.R.6621	Jones (D-N.C.) Preyer (D-N.C.) Henderson (D-N.C.) Taylor (D-N.C.) Lennon (D-N.C.)	"
3/23/71	H.R.6632	Long (D-La)	"
3/23/71	H.R.6635	McMillan (D-S.C.)	"
3/23/71	H.R.6647	Sebelius (R-Kan)	"
3/23/71	H.R.6650	Stratton (D-N.Y.)	"

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<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/23/71	H.R.6657	Young (D-Tex)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/24/71	H.R.6683	Evans (D-Colo) Aspinall (D-Colo)	"
3/24/71	H.R.6691	Hastings (R-N.Y.)	"
3/24/71	H.R.6701	Landrum (D-Ga) Stephens (D-Ga) Brinkley (D-Ga) Stuckey (D-Ga) Thompson (R-Ga) Mathis (D-Ga)	"
3/24/71	H.R.6712	Thompson (D-N.J.)	"
3/24/71	H.R.6727	Nichols (D-Ala)	"
3/25/71	H.R.6746	Andrews (D-Ala)	"
3/25/71	H.R.6753	Duncan (R-Tenn)	"
3/25/71	H.R.6785	Pryor (D-Ark) Bingham (D-N.Y.) Leggett (D-Calif) Mahon (D-Tex) Melcher (D-Mont) Baker (R-Tenn) Duncan (R-Tenn) Myers (R-Ind) Hillis (R-Ind) Hanley (D-N.Y.) Galifianakis (D-N.C.) Brasco (D-N.Y.) Collins (D-Ill) Alexander (D-Ark) Kee (D-W.Va) Gallagher (D-N.J.) Gonzalez (D-Tex) Begich (D-Alaska) Kyros (D-Maine)	"

The following bills are identical:

3/18/71	H.R.6357	Abbitt (D-Va)	To support the price of milk at 90% of the parity price through purchases of milk and milk products.
3/22/71	H.R.6502	Thomson (R-Wis)	"

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SENATE

<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/16/71	S.1277	Nelson (D-Wis) Mondale (D-Minn) McGee (D-Wyo) Hughes (D-Iowa) Bayh (D-Ind) Burdick (D-N.Dak) Cook (R-Ky) McGovern (D-S.Dak) Stevenson (D-Ill) Eagleton (D-Mo) Tunney (D-Calif) Hartke (D-Ind) Symington (D-Mo) Cranston (D-Calif) Gravel (D-Alaska) Hart (D-Mich) Harris (D-Okla) Muskie (D-Maine) Moss (D-Utah) Proxmire (D-Wis) Allen (D-Ala) Long (D-La) Inouye (D-Hawaii) Hollings (D-S.C.) Fulbright (D-Ark) Sparkman (D-Ala) Eastland (D-Miss) Bentsen (D-Tex)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971- 72, as the Secretary determines is nec- essary in order to assure adequate supply.
3/19/71	S.1294	Humphrey (D-Minn)	

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FOR IMMEDIATE RELEASE

JANUARY 8, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

Summary - the Milk Price Decision

The Charge

It has been publicly alleged that President Nixon in 1971, in exchange for a promise of political contributions from the dairy industry, ordered an increase in the level of Federal support prices for milk. That charge has been frequently denied and is totally false.

The Facts

On March 12, 1971, the Secretary of Agriculture announced that the price of milk for the 1971-72 marketing year would be supported by the Federal Government at approximately 80 percent of parity. His announcement was made in the face of strong pressure from the dairy industry for a support level between 85 and 90 percent of parity; the industry, along with its supporters in the Congress, argued that the 80 percent level would lead to underproduction and would not represent a fair return on farm investments.

Subsequent to Secretary Hardin's announcement, there was a concerted effort in the Congress to pass legislation forcing the President to raise price supports to a minimum of 85 percent of parity. In the House of Representatives, 125 Members introduced or co-sponsored legislation for higher support prices. In the Senate, 29 Members introduced such legislation. Support for mandatory legislation came from both sides of the aisle, but was predominantly Democratic.

On March 23, 1971, following a meeting with representatives of the dairy industry who argued the merits of their case, and then a meeting with key advisors who agreed that the Congress would likely force his hand the President decided that the milk support level should be raised to 85 percent of parity for the coming year. His decision was announced by Secretary Hardin on March 25.

It is fallacious to suggest that the President's decision was influenced by a promise of political contributions from the dairy industry. The President had been informed of the dairy industry's intentions to raise funds for the 1972 campaign, but he at no time discussed the contributions with the dairy industry and the subject was not mentioned in his meetings of March 23, 1971. It is also worth noting that the ultimate contributions by the dairy industry to the President's re-election effort (1) were far less than the industry leaders had hoped to raise; (2) were far less than the dairy industry gave to other candidates for the House and Senate, including many prominent Democrats; and (3) represented less than one percent of the total contributions to President Nixon's re-election campaign.

HOW THE DECISION WAS MADE: The President's action took several factors into account:

- intensive Congressional pressure;
- the economic merits of the case itself, as presented by the industry leaders in the meeting with the President, and as weighed by the President's advisors;
- traditional political considerations relating to the needs of the farm states.

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THE RESULTS: The economic consequences of the decision have been beneficial to the entire country.

- The price of milk to the consumer did not skyrocket, as some feared. Rather, the price of milk to the consumer in the year in question rose at the lowest rate of recent years. It also rose at a rate significantly below the general rate of inflation.
- The cost to the Government of the milk price support program did not go up as a result of the President's decision. It went down.
- Government inventories of surplus dairy products did not expand. In fact, they went down. No massive surplus was created.
- The level of dairy production was ample to meet the needs of consumers but was not excessive, and thus did not burden the Government with special expenditures.

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\* RE: OPEN HOUR 53  
EVENT #5  
MTG WITH NELSON & PARR

THE WHITE HOUSE  
WASHINGTON

CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

SUBJECT:

Meeting with officers of the Associated  
Milk Producers, Incorporated  
September 9, 1970  
12:25 p.m. (10 minutes)  
Oval Office

001292

I. PURPOSE: Photo opportunity.

II. A. Background: This open hour meeting was scheduled so that a photograph could be taken for publicity purposes. The Milk Producers had very much hoped to have you at their convention last weekend in Chicago. Secretary Hardin represented you and I understand that you talked by phone with the Chief Executive, Mr. Harold Nelson.

\* The Milk Producers have made very significant contributions to various key Senate races in which we are interested this Fall (approximately \$150,000 in total). They have also pledged \$2 million to the 1972 campaign.

B. Participants: Mr. Harold S. Nelson, General Manager and David L. Parr, Special Assistant to the General Manager, Associated Milk Producers, Incorporated, and Charles Colson.

C. Press Plan: Ollie Atkins will take quick photographs.

III. TALKING POINTS:

A. It would be most helpful if you would tell Nelson and Parr that you are aware of their political support-- what they have already done this year to assist us and what they are committed to do in the future. If they

Page 2

realize that you are aware of what they are doing, it will strengthen very much my hand in dealing with them.

- B. I would suggest that you tell them that you hope you can make some future convention and that you are sorry that you had to miss this one (according to Cliff Hardin, the Chicago stadium was full).
- C. Tell them, as you did on the phone Saturday, that you will be glad to meet with some of their key officials at some time in the near future to discuss farm problems of particular interest to the dairymen. You might also point out that Cliff Hardin has been a very vigorous and effective advocate of their problems and needs.
- ✓ (Hardin, on your behalf, announced at the Convention Saturday that the special milk program would be funded for this fiscal year, a program we had previously opposed).

001293



Charles W. Colson

WH

Open Hour

- 3 -

Wednesday, September 9, 1970

Event No. 5

12:25 p.m. Harold S. Nelson, General Manager  
to Associated Milk Producers, Inc.  
12:35 p.m. David L. Parr, Special Assistant to General Manager  
Mr. Charles Colson

Mr. Colson will escort Messrs. Nelson and Parr into your office for a handshake and a photograph with you. The Associated Milk Producers organization was formed in November of 1969 as the result of the merger of various other farm groups.

Gifts: Presidential Key Chains

\* \* \* \* \*

Event No. 6

001294

12:35 p.m. Mr. and Mrs. Charles H. Thomas  
to Dana Thomas  
12:40 p.m.

Mr. and Mrs. Thomas and their six-year-old daughter Dana will be brought into your office for a handshake and a photograph with you. Mr. Thomas was present at a previous Open Hour and was invited by you to return with his daughter at some future date.

Gifts: Mr. Thomas: Presidential Key Chain  
Mrs. Thomas: Presidential Bow Pin  
Dana Thomas: Apollo View-Master

\* \* \* \* \*

WH

THE WHITE HOUSE

WASHINGTON

OPEN HOUR

Wednesday, September 9, 1970

12:00 Noon

The President's Office

THE PRESIDENT:

Event No. 1

001288

12:00 p.m.

Dr. Kevin McCann

to

12:10 p.m.

Dr. Kevin McCann, who is an old friend of yours, will be brought into your office for a brief visit with you. He will want to discuss with you decision to take over the Presidency of the Freedom Foundation.

Gift: RN Mint Medallion

\* \* \* \* \*

Event No. 2

12:10 p.m.

Admiral E. P. Holmes, USN

to

Supreme Allied Commander (NATO)

12:15 p.m.

and

Commander in Chief, Atlantic (US)

General James D. Hughes

General Hughes will escort Admiral Holmes into your office for a brief visit with you. The purpose of the Admiral's visit with you is to pay a farewell call since he is retiring in September.

Gift: Presidential Tie Clasp

\* \* \* \* \*

WH

Open Hour

Wednesday, September 9, 1964

Event No. 3

12:15 p.m.

Miss Cathy S. Campbell

to

Alex Butterfield

12:20 p.m.

Mr. Butterfield will bring Cathy Campbell into your office for a handshake and a photograph with you. Miss Campbell has been working in the Security Files Section in the White House but is resigning her position to return to College to obtain a second Bachelor's Degree to enhance her FSO opportunities.

Gift: Presidential Bow Pin

\* \* \* \* \*

001289

Event No. 4

12:20 p.m.

Seaman Patricia Sargent

to

SP 5 Brenda Davis

12:25 p.m.

Sgt. Beverly Kilby

Sgt. Susan West

Lt. Col. John R. Sayre

Major Leonard Rice

Major Jack Brennan

Major Brennan will escort the above group into your office. The Misses Sargent, Davis, Kilby and West hold the title of Miss Military Voters and are representing their respective Services in an annual effort to encourage military personnel to exercise their voting responsibility by voting absentee.

Gifts: Men: Presidential Key Chains  
Women: Presidential Bow Pins

\* \* \* \* \*

WH

Open Hour

Wednesday, September 9, 1969

- 3 -

Event No. 5

12:25 p.m.

to

12:35 p.m.

Harold S. Nelson, General Manager

~~Associated Milk Producers, Inc.~~David L. Parr, Special Assistant to General Manager  
Mr. Charles Colson

Mr. Colson will escort Messrs. Nelson and Parr into your office for a handshake and a photograph with you. The Associated Milk Producers organization was formed in November of 1969 as the result of the merger of various other farm groups.

Gifts:

Presidential Key Chains

\* \* \* \* \*

\* See separate briefing  
paper from Colson - att  
(esp. contribution fig)

Event No. 6 001290

12:35 p.m.

to

12:40 p.m.

Mr. and Mrs. Charles H. Thomas  
Dana Thomas

Mr. and Mrs. Thomas and their six-year-old daughter Dana will be brought into your office for a handshake and a photograph with you.  
Mr. Thomas was present at a previous Open Hour and was invited by you to return with his daughter at some future date.

Gifts:

Mr. Thomas: Presidential Key Chain

Mrs. Thomas: Presidential Bow Pin

Dana Thomas: Apollo View-Master

\* \* \* \* \*

WH

Open Hour

Wednesday, September 9, 1970

- 4 -

Event No. 7

12:40 p.m. Mr. Lynn Culver  
 to Mr. Neil Lewis  
 12:45 p.m. Mr. Burl Bohlen  
 Mr. Merlin Bulch  
 Mr. Earl Nixon  
 Mr. Robert Ruddy (Sen. Mundt's Office)

The above-named group represents the "Concerned Citizens of South Dakota" and will be brought into your office to present you with petitions of support concerning your position in Southeast Asia. They have collected over 20,000 signatures.

Gifts: Presidential Tie Clasps

\* \* \* \* \*

Event No. 8

001291

12:45 p.m. Mrs. Marie Kittridge, Legislative Chairman,  
Gold Star Mothers, Inc.  
 12:55 p.m. Mrs. Elva Newman, Washington Representative  
 Mrs. Bettyann Funk


These ladies represent the organization that sought court action to prohibit the New Mob from placing the names of their deceased sons on placards during the demonstrations last November. During that November week-end they held numerous press conferences and received excellent publicity that was favorable to us. You wrote Mrs. Newman and Mrs. Funk personal letters of appreciation.

Gifts: Presidential Bow Pins

\* \* \* \* \*

NOTE: Ollie Atkins will be present to photograph each of these events.

WH

  
 Stephen Bull

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Mr. Parr. I believe Mr. Colson was there.

Mr. Weitz. Anyone else?

Mr. Cashen?

Mr. Parr. No.

Mr. Weitz. Did Mr. Colson bring you in to meet the President?

Mr. Parr. I believe that would be correct.

Mr. Weitz. This was the first time that you met with the President?

Mr. Parr. President Nixon, yes.

Mr. Weitz. Yes?

Mr. Parr. (Nods in the affirmative.)

Mr. Weitz. What discussed?

Mr. Parr. Well, Mr. Nixon -- do you mean to tell you the discussion?

Mr. Weitz. Yes. Who said what?

Mr. Parr. Well, Mr. Nixon said -- the first thing we did was got our picture taken with him.

Mr. Weitz. Just the three of you?

Mr. Parr. Yes.

Mr. Weitz. Not Mr. Colson?

Mr. Parr. No.

And the second thing that happened, he got on his yellow cabinet [sic] and we all sat down and he said, you people must have real good organization. I have heard some very good things

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about it. I know that you tried every way in the world to get me to come, and I understand that you had a successful meeting. And when is your next one? I want to be there. I believe was the right word.

And I believe we told him that our next one would of course be 1971, and that we did not really want him to come.

Then he said, well, I do not understand that.

We said, we want you to come in 1972, and we will have it in Los Angeles, and we will have it in the Coliseum and we will have 100,000 people. And if you don't come we'll get the Democrat.

And that's when he said, no, I want to come in '71.

Now, we were sort of joshing with him then.

Mr. Weitz. In fact, you hoped he would come to your '71 convention, did you not?

Mr. Parr. Well --

Mr. Weitz. You would have taken him any time, would you not have?

Mr. Parr. Certainly. Oh, certainly.

And in '72 we could have had quite a number of people at our meeting.

Mr. Weitz. You mentioned that because you were trying to impress him with the growth of the organization?

Mr. Parr. Yes.

Of course, we were not thinking about California, really,

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we want you to know we want to support you?

Mr. Parr. Yes, I am sure we did that, because we faced up to the facts that he was very popular out in the Midwest.

Mr. Weitz. Did you discuss any problems or substantive policies with him, dairy policies, dairy problems?

Mr. Parr. Well, I think we were there about 15 or 20 minutes, and we tried to give him a bird's eye view of the cooperative, of what milk was. And I just do not remember all of the discussion we had. In other words, it was a very light-veined type of discussion. It was the first time we had ever seen him, the first time I had ever seen him.

Mr. Weitz. He appeared knowledgeable, though, about your organization and activities?

Mr. Parr. He complimented us on the type of organization we had.

Mr. Weitz. So apparently he had been informed of what you were doing and what the organization was?

Mr. Parr. Yes, sir. I guess so.

Mr. Weitz. After that meeting did you have any meetings with Mr. Colson in the fall, by the end of the year, about setting up a meeting with the President and other dairy leaders?

Mr. Parr. I have forgotten how we proceeded to this when I first knew we were going to have a meeting with the President. But it seems to me it was sometime in January that -- It seems like to me that Mr. Harrison visited with the Administration

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8. On September 16, 1970 Charles Colson wrote a memorandum to John Dean saying that a group that provides strong political and financial backing had asked for information regarding limitations on campaign contributions. Colson asked Dean to get a quick reading from the Justice Department because Colson did not want to keep the group hanging and their funds were needed. At the bottom of the carbon copy of the memorandum is the handwritten name and telephone number of Bob Isham, the AMPI comptroller.

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8.1 Memorandum from Charles Colson to John Dean, September 16, 1970 with undated attachment (received from White House). . . . .	192
8.2 Bob Lilly testimony, SSC Executive Session, November 14, 1973, 4-5. . . . .	195

W.H. 65  
- R. W. 3  
F. 6

September 16, 1970

HIGH PRIORITY - EYES ONLY

MEMORANDUM FOR JOHN DEAN

A group that strongly backs us politically and financially has raised a question with me as to whether or not the Corrupt Practices Act precludes them from giving more than \$5,000 to a candidate. Their reading of the Act is that they cannot.

What they have is a trust arrangement patterned almost identically after the COPE system. They collect many small contributions from their members. The funds go into a trust and are then disbursed by the trustees. I have told them that they can give up to the statutory ceiling to any number of committees, but they read the statute, however, as putting a \$5,000 ceiling on any contributions, direct or indirect, from any person or group of persons to any individual candidate.

I took a quick look at the statute, but I don't want to rely on my own reading of it. I'd like an authoritative answer. All I can say is, I must be right and they must be wrong, because we know that in many campaigns much more than \$5,000 has been given to candidates by COPE and others, and, of course, many of our contributors by using different committees did much more in 1963 than \$5,000. Can you get a quick reading on this from Justice, because I am obligated to get back by phone this week to this group, and I do not want to keep them hanging, inasmuch as we need their funds.

001321

Charles W. Colson

B. L. S. 512-341-8651

WH Ticker - 5 days

John Dean says:

There is no limitation on the dollar amount under the Corrupt Practices Act when the distribution or contribution is given to state or local committee or an organization in the District of Columbia -- in other words,, there is no limitation.

001322

11/1/70

Mr. Isham said he had resolved this earlier  
but appreciated your message.

001320

WH

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1965. In 1965, I was employed by North Texas Producer's Association, a dairy co-operative headquartered at Arlington, Texas. In 1967, at the formation of Milk Producers, Inc., the North Texas Producers Co-operative became a part of AMPI, along with other co-operatives in Texas, Oklahoma, Kansas, Arkansas, Tennessee and New Mexico with approximately 12,000 members.

Later in 1968, Associated Milk Producers, Inc., AMPI, was formed with approximately 30,000 members, and in time grew through consolidation to its present size of about 40,000 members. I served as an Assistant to the General Manager of MPI and AMPI until early 1972, when there was a change in management.

Since that time, I have served in my present capacity.

Mr. Weitz. Thank you.

Mr. Lilly, what were the positions of Mr. Nelson\_\_ What was the position of Mr. Nelson during the period of 1967 forward?

Mr. Lilly. He was General Manager of Milk Producers, Inc., and later Associated Milk Producers, Inc. until early 1972, January, 1972.

Mr. Weitz. If you have no objection, I think we can refer alternatly [sic] to Milk Producers, Inc. as MPI, and Associated Milk Producers, Inc. as AMPI, and TAPE, T-A-P-E, and Committee for TAPE either TAPE or CTAPE.

Mr. Lilly. That is fine. That would be easier for me.

Mr. Weitz. Can you tell me what position Mr. Isham, I-s-h-a-m, held during that period?

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Mr. Lilly. Yes. Mr. Isham held the position for Comptroller for AMPI during the entire period until a change in management in 1972, and following that, at about that time, or shortly thereafter, he was named as Associate General Manager and was replaced as Comptroller, and was one of the Associate General Managers to the current or present General Manager, George Mehren.

Mr. Weitz. M-e-h-r-e-n?

Mr. Lilly. M-e-h-r-e-n.

Mr. Weitz. Who was the other Associate General Manager, or at that time who was?

Mr. Lilly. At that time and presently still is Associate General Manager. A. L. McWilliams. M-c-W-i-l-l-i-a-m-s.

Mr. Weitz. Is there a second General Associate Manager at this time?

Mr. Lilly. Not since Mr. Isham left AMPI several months ago. He resigned and there has been no replacement for him in the Associate General Manager's squad.

Mr. Weitz. Did Mr. Isham also hold a position with MPI?

Mr. Lilly. He held the Comptroller position with MPI.

Mr. Weitz. So both with MPI and AMPI?

Mr. Lilly. Right.

Mr. Weitz. Can you tell us the position or positions that Mr. David Parr, P-a-r-r, held from 1967 forward?

Mr. Lilly. This is rather difficult. He was rather

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9. In the fall of 1970, at Haldeman's direction, Colson began coordinating outside funding activities for various White House projects including the use of a Washington, D.C. public relations firm to place advertisements and undertake other activities in support of Administration policies. The project contemplated the use of "front" organizations. Colson stated that some friends had retained a public relations outfit which gave them the financial resources to do things for the White House. Colson stated in a memorandum to Haldeman that once the project was fully set up, the White House would have available about \$100,000 per year through this resource. During 1971 and 1972 the Washington, D.C. public relations firm of Wagner & Baroody placed advertisements in the name of various private groups in support of Administration policies.

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~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

DR

August 7, 1970

MEMORANDUM FOR: MR. COLSON  
MR. DENT  
MR. KLEIN  
MR. MAGRUDER

As we develop our various outside projects, it becomes obvious that a lack of coordination with regard to financial resources has caused an overburdening of some potential resources, while totally neglecting others. In order to remedy this situation, I propose that Chuck Colson be placed in the position of coordinator for contacting these individuals. This will prevent several of you who have projects going at the same time from approaching the same person and thereby decreasing the effectiveness of our overall effort.

If there is a problem with this, get together with Chuck and work out another solution, otherwise let's consider this standard operating procedure for the future.

  
H. R. HALDEMAN

~~CONFIDENTIAL~~

DR

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August 18, 1970

MEMORANDUM FOR: Mr. Haldeman  
Mr. Klein

FROM: Jeb S. Magruder

With reference to your August 7 memorandum regarding better coordination of financial resources, I think it is an excellent idea to coordinate this function in Chuck Colson's shop. As you point out, it will eliminate the embarrassment that comes when two White House staff members approach the same person at the same time on two different projects.

There is, however, one point that should be noted; this office is charged with the responsibility for advertising campaigns such as those relating to ABM, the Gallup poll, and the anti-war amendments. I am assuming that we will want to continue these projects when important issues develop. I think we should be very careful in the use of these ads and that they should only be done when they have direct, beneficial results to the President. These projects run into considerable expenditure. Often we will finance them by quick calls to potential donors, but since there usually is little or no lead time, sometimes we get a project paid for and sometimes not. Chuck would have the same problem; for example, if on Monday we determined that an ad had to run on Friday, Chuck would have just a few days to find the right donor.

Therefore, I propose that we increase our fund at the RNC by \$200,000 per year so that money will be on hand and available for projects such as these. As you are aware, we have a fund of this type for mailing purposes. The \$200,000 figure is one I selected based on the relative priorities within the Administration. Considering expenditures for many of our activities, this figure would seem to be well within the limits for the type of exposure the advertising could bring us if done correctly. This will result in a more efficiently run advertising program and will eliminate the frantic calls to donors when it is determined that such a project might be undertaken.

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This would also help prevent a problem that could easily develop in our advertising efforts. It is becoming apparent that we have to become much more careful in dealing with agencies than we have been. By funding through the RNC and using them as our "front", we can be assured if they are caught it would not have the same impact as it would if we were put in the same position.

JSM:RCO:ger

bcc: Mr. Colson

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August 13, 1970

DR

MEMORANDUM FOR: MR. HALDEMAN  
MR. KLEN

FROM: JEB S. MAGRUDER

With reference to your August 7 memorandum regarding better coordination of financial resources, I think it is an excellent idea to coordinate this function in Chuck Colson's shop. As you point out, it will eliminate the embarrassment that comes when two White House staff members approach the same person at the same time on two different projects.

There is, however, one point that should be noted: this office is charged with the responsibility for advertising campaigns such as those relating to ABM, the Gallup poll, and the anti-war amendments. I am assuming that we will want to continue these projects when important issues develop. I think we should be very careful in the use of these ads and that they should only be done when they have direct, beneficial results to the President. These projects run into considerable expenditure. Often we will finance them by quick calls to potential donors, but since there usually is little or no lead time, sometimes we get a project paid for and sometimes not. Chuck would have the same problem; for example, if on Monday we determined that an ad had to run on Friday, Chuck would have just a few days to find the right donor.

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Confidential

Source: SDC 2/22/74

DR

This would also help prevent a problem that could easily develop in our advertising efforts. It is becoming apparent that we have to become much more careful in dealing with agencies than we have been. By funding through the RNC and using them as our "front", we can be assured if they are caught it would not have the same impact as it would if we were put in the same position.

JSM:RCO:ger

*Acc: Mr. Coleman*

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SECRET

September 15, 1970

MEMORANDUM FOR H. R. HALDEMAN

John Brown has advised me that there is some question over one of the recommendations in Magruder's memo to you of the 18th regarding outside funding. Let me attempt to clarify it in the following way.

1. I will coordinate, as you have directed, all outside funding activities so that there will be one central point for soliciting money from our friends for support-type activities. I have been doing this in recent weeks.
2. Jeb recommends that a budget be established at the RNC of \$200,000 per year which we can draw upon for urgent needs, especially when we don't have time to go out and solicit funds for a particular project. Contrary to Jeb's memo, the RND [sic] should not be a "front." My idea of this is that they would simply pay bills, or better yet, funnel money through outside organizations especially where there is no reporting requirement. In other words, if we need a quick ad run by the Citizens Committee for something or other, we would draw the money out of the RNC budget and funnel it through the Citizens Committee. The idea here is not to get the RNC publicly involved at all but simply to have a kitty available.
3. I have arranged for a public relations firm here in town to do things on our behalf. They handled much of the ABM effort financially and also are subsidizing the overhead of Americans for Winning the Peace. Some of our friends have retained this outfit and essentially this gives them the financial resources to do things for us. Once this is fully set up, we will have available through this resource about \$100,000 a year. These funds can't be used for direct media expenses because these would not be deductible to the public relations firm. They can be used, however, to put people on their payroll, pick up travel expenses, mailing, editorial, graphic and other media preparation expenses. That's how we handled the ABM effort. This firm also distributed material and worked with friendly columnists in getting out anti-Heard material. They were exceedingly effective and provided a perfect cover for us.

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House Judiciary Committee staff

If the foregoing resolves any questions in your mind, I will see that this is implemented.

Charles W. Colson

cc: John Brown  
Jeb Magruder ✓

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House Judiciary Committee staff

SECRET

September 15, 1970

MEMORANDUM FOR H.R. HALDEMAN

John Brown has advised me that there is some question over one of the recommendations in Mr. Greider's memo to you of the 16th regarding outside funding. Let me attempt to clarify it in the following way.

1. I will coordinate, as you have directed, all outside funding activities so that there will be one central point for soliciting money from our friends for support-type activities. I have been doing this in recent weeks.
2. Jeb recommends that a budget be established at the RNC of \$200,000 per year which we can draw upon for urgent needs, especially when we don't have time to go out and solicit funds for a particular project. Contrary to Jeb's memo, the RNC should not be a "front." My idea of this is that they would simply pay bills, or better yet, funnel money through outside organizations especially where there is no reporting requirement. In other words, if we need a quick ad run by the Citizens Committee for something or other, we would draw the money out of the RNC budget and funnel it through the Citizens Committee. The idea here is not to get the RNC publicly involved at all but simply to have a kitty available.
3. I have arranged for a public relations firm here in town to do things on our behalf. They handled much of the ADM effort financially and also are subsidizing the overhead of Americans for Winning the Peace. Some of our friends have retained this outfit and essentially this gives them the financial resources to do things for us. Once this is fully set up, we will have available through this resource about \$100,000 a year. These funds can't be used for direct public expenses because these would not be deductible to the public relations firm. They can be used, however, to put out ads on their behalf, pick up travel expenses, mailing, editorial, graphic arts, etc. in preparation for a press conference, etc. and so on. This firm also has editorial material and can do a variety of things in general. It is not a public relations firm, but it is very effective and provides a perfect cover for us.

47A 41

If the foregoing resolves any questions in your mind, I will see that this is implemented.

Charles W. Colson

cc: John Brown  
Jeb Magruder ✓

100730131386

AFFIDAVIT OF JOSEPH BAROODY

I, JOSEPH BAROODY, being duly sworn, hereby depose  
and say:

Since 1970 I have been employed in the public affairs consulting firm of Wagner and Baroody, 1100 Seventeenth Street, N.W., Suite 712, Washington, D.C. The consulting services which my firm renders consist of representing clients affected by Federal Government actions.

From October, 1970, to January 1972, my firm was retained for consulting services by the Associated Milk Producers, Incorporated for a fee of \$2,500 per month. This consulting relationship was initiated with the assistance of the law firm of Reeves and Harrison of Washington, D.C., of which Marion Harrison, Esq. is a partner. I have met Mr. Marion Harrison on two or three occasions. Mr. Charles Colson, former special assistant to the President of the United States, was aware that my firm represented AMPI. It was my understanding that my firm was expected to look for ways in which we could advance the interests of AMPI. At no time, however, was I - or was any other person in my firm - connected in any way with, or aware of, any discussions between representatives of AMPI and the Administration concerning either milk price supports or possible contributions to the 1972 Presidential Campaign Fund.

-2-

I have been personally acquainted with Mr. Charles Colson for several years. In the latter part of August or the first part of September, 1971, Mr. Colson telephoned me and told me that the White House had an urgent need for \$5,000 and he asked me to lend him this amount for a short period of time. He did not tell me why the money was needed. I gathered this sum together from my personal funds (\$1,500 to \$2,000) and from funds (\$3,000 to \$3,500) which had previously been given to me by Mr. Colson's office to use in preparing television responses to a Common Cause statement on ending the war in Southeast Asia. The next day I put \$5,000 in an unmarked envelope and took it to Mr. Colson's office in the Executive Office Building. Mr. Colson told me to take the money to an office and give it to a person whom I would find there. I went to the office I had been told to go to and gave the money to a man whom I did not know but whom I now believe to have been Egil Krogh, Jr.

Two or three weeks afterwards, I received another telephone call from Mr. Colson's office. I was told that I could be repaid by going to Mr. George Webster, Esq., an attorney whose office was on Jefferson Place, N.W., in Washington, D.C. At the time I was wholly unaware that Mr. Webster was engaged in fund raising activities in connection with the President's re-election effort. Soon after receiving the call, I went to Mr. Webster's

-3-

office. He was not in. I identified myself to a receptionist who went to a nearby desk, opened a drawer and pulled out an unmarked envelope which she handed to me. The envelope contained \$5,000 in cash.

In June of 1972, Mr. Colson called me on the telephone and told me that it appeared that the \$5,000 might have been used to finance the September 1971 break-in of the offices of Dr. Lewis Fielding, the psychiatrist of Dr. Daniel Ellsberg. The purpose of Mr. Colson's call was to establish the date of the loan so as to determine whether, in fact, the funds could have been used for that purpose.

In the Spring of 1972 I received \$22,000 from Mr. Colson's office to place advertisements in several major newspapers throughout the United States supporting President Nixon's military directives in entering the country of Cambodia. Subsequently, the advertising project was suspended and this money was returned by me to Mr. Colson's office. Thereafter, it was decided that the advertisements would be placed on a smaller scale and I was given approximately \$6,800 with which to defray the costs of the reduced program.

The instances referred to previously herein are the only ones in which I have received White House funds.

From August of 1971 to the Spring of 1972, I worked with

a committee called "Citizens for a New Prosperity". Its function was to place advertisements and hold press conferences to build support for the economic policies embodied in the Economic Stabilization Act and Phases I and II. The Committee was bipartisan; its two principal officers were Hobart Lewis and former Treasury Secretary Fowler.

DATE: Jan 30, 1974

SIGNATURE

Joseph Barody

Subscribed and sworn to before me this 30th day of January, 1974.

My Commission expires

DATE: Sept. 14, 1976

Lila K. Merrill  
Notary Public

1 I spent a large part of my time, and my staff did, seeing  
2 people from outside groups who would come in and want to  
3 have discussions with the President, with the President's  
4 staff.

5 I was also responsible for forming or helping  
6 to form or encouraging the formation of outside groups that  
7 would support the policies that the President was following.  
8 For example, we formed a support group for the President's  
9 effort to get approval of the anti ballistics missile.  
10 We formed a support committee for economic policy.

11 Q How does that relate to the request by Mr.  
12 Ehrlichman for funds?

13 A I'm sorry, I gave you a long-winded answer.  
14 Because of this relationship with outside groups, I would  
15 often be the person that either Mr. Haldeman or Mr.  
16 Ehrlichman would call and ask if I could get funds for a  
17 particular -- usually for an outside project, but something  
18 that they wanted done.

19 In other words, a poll to be taken in connection  
20 with the A.B.M., I recall, the publication or the reprint  
21 of some materials that had been printed in the Reader's  
22 Digest.

23 I was often called and asked if I would be able  
24 to get someone to help finance a particular outside  
25 project.

26 Q Had Ehrlichman ever asked you to obtain funds  
27 for Mr. Krogh before?

28 A No.



10. On or about November 3, 1970 Colson sent a memorandum to Murray Chotiner noting that AMPI's political trust had contributed to unopposed Democratic Congressional candidates and asking Chotiner to tell AMPI's lawyer Marion Harrison that if he wanted to play both sides, that's one game, but if he wanted to play the Administration's side, it was entirely different. Colson said that this would be a good way to condition Harrison before putting the screws to him on imports, which they were about to do.

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November 3, 1970

MEMORANDUM FOR MURRAY CHOTINER

Would you please check with your friend, Harrison, and tell him if he wants to play both sides, that's one game; if he wants to play our side, it is entirely different. This will be a good way for you to condition him before we put the screws to him on imports, which we are about to do.

001325

Charles W. Colson

cc: Henry Cashen

WH

November 2, 1970

MEMORANDUM FOR JACK GLEASON

Would you please make some discreet inquiries about this?

Charles W. C olson

001327

WH

THE WASHINGTON POST Saturday, Oct. 31, 1970

A7

## Dairy Fund Aids 3 Unopposed in Election

By James R. Polk  
Associated Press

A plush political fund for milk producers has made \$13,000 in campaign contributions to the chairman of the House Agriculture Committee and two other farm congressmen who are unopposed for re-election.

The chairman, Rep. W. R. (Bob) Poage (D-Tex.), unopposed in Tuesday's election after 34 years in Congress, received a \$5,000 contribution from the milk group, the Trust for Agricultural Political Education.

Two freshman members of the Agriculture Committee who also have no races this year, Rep. Edward Jones (D-Tenn.) and Rep. Bill Alexander (D-Ark.) got other sizable contributions.

### \$400,000 in Fund

Milk is buoyed by government price supports. The Trust for Agricultural Political Education is a rich new campaign fund overflowing with \$400,000 in donations from dairy farmers around the nation.

About half of the trust's campaign money has gone either to top Senate races in rural states or to elections involving House Agriculture Committee members.

Poage is the second unopposed House chairman benefiting from special interest groups this year. Funds for two seamen's unions siphoned \$3,000 through a hidden money-raising body set up in Washington for Rep. Edward A. Garmatz (D-Mid.) chairman of the House Merchant Marine Committee.

Poage listed the \$5,000 in his pre-election report filed with Congress this week and indicated the money has been left on deposit in a special campaign bank account in Waco, Tex.

The trust gave \$2,000 to Jones this summer and a total of \$8,000 to Alexander over the past year and a half. All three committee members were unopposed in their summer primaries as well as Tuesday's general elections.

### Set Up Last Year

The campaign fund, based in San Antonio, Tex., was set up last year by officials tied to Associated Milk Producers Inc. That organization's controller, Robert O. Isham, is treasurer and sole official of the trust.

Isham said the trust makes its contributions to farm congressmen on the basis of need. "And," he said, when asked about the unopposed members, "I've never talked to a politician who didn't need money."

Jones, a dairy farmer in his first term from West Tennessee, said he is using the money for ads in weekly newspapers, bumper stickers, posters, and travel.

"I'm trying to keep my name before the public. You run every day—not just once every two years," Jones said.

Alexander, whose own report to Congress did not list any campaign contributions or spending this year, could not be reached immediately for comment.

### For Future Use

The Texas campaign treasurer for Poage said the \$5,000 for the chairman would be kept in the separate Waco bank account for use in any election race in the future.

"It's held there strictly for that. Bob Poage is very careful and conscientious—and even demanding about a thing like that," said Carlton Smith, a Waco lawyer.

The trust gave its \$5,000 to Poage's campaign at the start of this year after shelling out a total of \$6,700 for a dinner honoring the House chairman last fall and another \$4,700 for a joint testimonial last winter for Poage and Rep. Wright Patman (D-Tex.).

The \$5,000 for Poage was as large as the trust's contributions to three other Agriculture Committee members

locked in close races this fall: Reps. Watkins Abbitt (D-Va.), John Melcher (D-Mont.) and Graham Purcell (D-Tex.).

### Challengers Aided

Not all money went to incumbents. The trust gave \$5,000 to James R. Jones, a former White House aide in Tulsa, Okla., trying to unseat the top-ranking Republican on the Agriculture Committee, Rep. Page Belcher. But it also gave \$3,000 to Belcher's re-election campaign.

At the same time, the trust gave another \$5,000 each to GOP challengers trying to capture Senate seats held by Democrats in Florida, Indiana, New Jersey, North Dakota, Tennessee, Utah, and Wyoming.

But the trust hedged some of its bets.

In addition to \$5,000 for the Republican in Indiana, it gave \$2,500 to incumbent Democratic Sen. Vance Harke. It also made a double donation in Wyoming, with \$2,000 for incumbent Sen. Gale McGee.

Isham explained, "We hope to have a friend no matter which one is up there in Washington."

11. In late November, 1970 Colson, Kalmbach, Nelson, Parr, AMPI lawyers Harrison and Patrick Hillings and Presidential campaign fundraiser Tom Evans met in Kalmbach's hotel room in Washington, D.C. and discussed procedures whereby AMPI's contributions to the President's re-election campaign could meet statutory reporting requirements without resulting in publicity.

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1 charged. I was acting as a volunteer, as far as my own time  
2 was concerned.

3 Mr. Weitz. At about the same time, did you have occasion  
4 to meet with representatives of the milk producers?

5 Mr. Kalmbach. Yes, I did. I think it was probably -- and  
6 again, my notes tell me this, the same notes that I've discussed  
7 earlier today -- my notes tell me that I met, I think, with  
8 Chuck Colson in October, which is before, of course, my meeting  
9 with Bob Haldeman in November. And then my notes also indicate  
10 that I probably met with Chuck Colson in December.

11 Now, when exactly these meetings occurred, I'm not cer-  
12 tain. I think there was a meeting in Chuck Colson's office in  
13 October of 1970, and I think at that meeting there was Chuck  
14 Colson, Harold Nelson, Marion Harrison, perhaps Murray Chotiner,  
15 perhaps Pat Hillings, perhaps David Parr.

16 Mr. Weitz. Do you recall whether Tom Evans of New York  
17 was present?

18 Mr. Kalmbach. I don't recall if he was present at that  
19 meeting. He was present at a subsequent meeting, which I think  
20 probably was in December of 1970 at the Madison Hotel, at which  
21 time it was myself, Tom Evans, Pat Hillings, I think Marion  
22 Harrison, and I think Chuck Colson was at that meeting. And there  
23 could have been one or two others at the Madison Hotel meeting.

24 Now, I recall that at the earlier meeting, which I think  
25 was in October, there was a statement to the effect that the

1 milk producers were going to make a major contribution to the  
2 forthcoming -- two years hence -- Presidential campaign. And  
3 I'm not certain that it was at that time that \$2 million was  
4 stated as their goal figure, or whether it was stated at the  
5 later meeting at the Madison Hotel, or whether it was stated  
6 to me by Pat Hillings in just a personal meeting at someplace  
7 along the line.

8 Mr. Weitz. Could you tell us what the purpose of the  
9 first meeting was that you referred to?

10 Mr. Kalmbach. I think the purpose of the first meeting,  
11 which was in Chuck Colson's office, as I remember it -- and I  
12 could be confused on my dates here -- but, as I remember it,  
13 the purpose was that my role was not that of a solicitor of  
14 this contribution. My role was to help them organize their  
15 procedures as to how they were to effect these contributions  
16 to the 1972 campaign.

17 Mr. Weitz. Was it your understanding, then, that prior  
18 to that time, they had either agreed to, or represented that  
19 they would, make that contribution independent of any solicita-  
20 tions by you?

21 Mr. Kalmbach. That was my understanding.

22 Mr. Weitz. Do you know who, in fact, did solicit, or did  
23 receive the news from them as to their intentions?

24 Mr. Kalmbach. No. It would be my understanding that  
25 probably Marion Harrison, who was the lawyer representing AMPI

ch 16

34

1 at that time, and Pat Hillings, who I think was of counsel to  
2 that firm, had been or were in touch rather frequently with  
3 Chuck Colson, and it would be my thinking -- and I'm just giving  
4 you my impressions here -- that they indicated to Chuck Colson  
5 that this is the general goal figure for the milk producers.  
6 But I was advised of this \$2 million goal figure either in Chuck  
7 Colson's office in October -- and it could have been that early --  
8 or maybe before that, or between that day and the end of the  
9 year, by Pat Hillings or Marion Harrison or somebody.

10 And I remember the Madison Hotel meeting, I think, was  
11 involved again with the legal mechanics of effecting these  
12 contributions. I remember we discussed the fact that the milk  
13 producers or the cooperatives had independent reporting require-  
14 ments, independent of the 1925 Corrupt Practices Act.

end tape 14

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ch 4

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1 Mr. Kalmbach. No, I don't remember that, Mr. Weitz. I  
2 just don't. It seemed to me that my role and that of Mr. Evans  
3 was that of really the legal mechanics and the procedures in-  
4 volved, and I had the impression -- and again, I'm giving you  
5 impressions in this statement -- that Mr. Hillings, Mr. Harrison,  
6 in any discussions as to substantive matters were discussing  
7 those directly with Mr. Colson and with others. I don't recall  
8 that this came up as an item of substantive conversation in  
9 these talks.

10 I think we were concerned about how to set up committees,  
11 where to set up committees. I think there was an expressed con-  
12 cern about publicity and how you could set up the committees  
13 so that the fact that they were -- these people would be con-  
14 tributing to the Nixon campaign in 1972 would not become known  
15 to the media and how you could handle that, in light of their  
16 independent reporting requirements to the House.

17 Mr. Weitz. Now, the independent reporting requirements  
18 you referred to, you refer to the organizations themselves,  
19 the dairy organizations or trusts,--

20 Mr. Kalmbach. Cooperatives.

21 Mr. Weitz. -- cooperatives, right. I think the record  
22 shows that it refers to the trusts themselves.

23 Mr. Kalmbach. That's right. The political trusts.

24 Mr. Weitz. Now, was there any discussion that you recall  
25 at either of the two meetings you refer to in 1970 as to ways

1 basis of giving them counsel as to procedures to follow in  
2 effecting contributions in the 197<sup>2</sup> campaign. And I have no  
3 memory at all. And I wish to be emphatic on this that ~~any~~ <sup>no</sup>  
4 price support increases or whatever ~~whatever was~~ <sup>were</sup> discussed  
5 with us.

6 I was asked <sup>by</sup> ~~of~~ these people, as was Mr. Evans,  
7 as to what procedures should be followed, the form of charter,  
8 the establishment of committees.

9 Q When you say "these people" can you identify  
10 them?

11 A I think these people would include Mr. Hillings,  
12 perhaps Mr. Harrison, Mr. Parr, Mr. Nelson, and there could be  
13 others, and I could be wrong that some of them weren't involved.

14 Q We are now talking about the last part of 1970?

15 A We are not?

16 Q We are.

17 A That is correct.

18 Q Yes.

19 A And my memory is that Pat Hillings had been advised  
20 in some manner, and I'm not certain how he came to know that  
21 I had been asked in November of 1970 to, by Bob Haldeman, to  
22 raise funds for the early funds for the 1972 campaign, and I  
23 had accepted that assignment from Bob Haldeman. It was  
24 evident to me at that time ~~and it is now~~ <sup>that</sup> in some manner <sup>Hillings</sup>  
25 learned that, and he may have been directed to see me by others  
26 in the White House, maybe Mr. Haldeman, Mr. Ehrlichman <sup>Mr. Callahan</sup> or,  
27 I don't know who.

28 In any event, they met with me and with Mr. Evans

1 to discuss the legalistics and the procedures that they should  
2 be developing in order to effect contributions to the 1972  
3 campaign.

4 Q Did they mention \$2 million dollars?

5 A Well, it would be my memory, Mr. Dobrovir, that  
6 in somewhat of an offhand way that they were shooting for  
7 \$2 million as a goal figure to be contributed by the dairymen,  
8 and I don't know whether they said one to two million, or  
9 whatever it was, but I do have a memory which has been refreshed  
10 by recent press and the other, that I think that Pat Hillings,  
11 or it could be others, had indicated that they were hopeful  
12 that the campaign could realize as much as \$2 million from  
13 these dairymen in contributions to the 1972 campaign.

14 I did not regard that as anything that I had  
15 solicited. I submitted to Mr. Stans, when he became Finance  
16 Chairman on February 15th of 1972 -- I submitted a list of  
17 prospects and their pledge amounts. And I have no memory that  
18 I ever submitted the milk people as one of the prospects that  
19 I had solicited or indicated amounts.

20 It would be my memory that they came to me and  
21 they came to Tom Evans. They wanted to contribute to the '72  
22 campaign. *it is my belief that to contact me and Evans*  
23 *presumably, Bob Halloran, Charles Calver or Gordon Fraser*  
24 *House, and I am only aware it was probably Bob Halloran*  
25 *suggested to these people that they*  
26 There could have been others that ~~they should~~ talk to me about  
27 procedures and the legalistics, and also to Tom Evans.

28 Q Can you pinpoint this any better in time? Was it  
after the 1970 elections were over?

A It would have had to be, for this to be consistent

1 in my own mind because I did not agree to take on this assign-  
2 ment for this early fund-raising until after the elections in  
3 November of 1970. And I took that assignment on when I met  
4 with Mr. Haldeman in the White House at some time around mid-  
5 November, Mr. Dobrovir.

6 Q Now, Mr. Haldeman's logs show meetings with you  
7 on November 19th, at 12:30, on November 20th, at 11:00 A. M.,  
8 and on December 17th in the morning.

9 Do you recollect any of those meetings with Mr.  
10 Haldeman?

11 A It would seem to me that the meeting mid-November  
12 was probably the meeting date on which he asked me to undertake  
13 this assignment.

14 Q Now, then, did your meetings with Mr. Hillings  
15 and any of these other people take place after or before this  
16 November 19th, 20th, date?

17 A It would be my feeling that they took place after-  
18 wards, but I could be wrong on that.

19 MR. DOBROVIR: Off the record.

20 (Whereupon a discussion ensued off the record).

21 MR. DOBROVIR: Back on the record.

22 Q Now, you will recall that this memorandum from  
23 Roger Johnson to H. R. Haldeman to which the Hillings letter  
24 is attached is dated December 17, 1970.

25 A Yes.

26 Q Mr. Haldeman's log, as I indicated, shows a meeting  
27 with you on the morning of December 17th of 1970, and you  
28 indicated that you believed that your meeting with Mr. Hillings

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was a peculiar sort of a meeting. It was in November of 1970. But after the 1970 election, I was either in Oregon in connection with matters for a non-dairy client, or if I was not in Oregon, I was here but was going to be in Oregon on the day that I was requested to schedule the meeting.

The word I got in the office, somebody in the client organization called and said Mr. Colson wanted to schedule a meeting and that it was very important, on such-and-such a date; would I be there.

As I say, I cannot remember whether I was in Oregon or Washington. At any rate, I could not be there on that date. I said, if you want me there, I cannot be there on that date.

What it was about, I never did find out until the meeting what the subject matter of the meeting was to be.

In due course, the meeting came to pass. It was in November of 1970; it was in the Madison Hotel, in somebody's suite, I do not remember whose.

And as I arrived, Mr. Colson was leaving. He had his hat and coat on. He may have hung around five or ten minutes with his hat and coat on. He did not stay very long.

Senator Montoya. Who was at that meeting?

Was Secretary Connally there?

Mr. Harrison. I never met Mr. Connally.

For five or ten minutes or less, Charles Colson was there; of course I was there; Pat Hillings was there; Harold

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Nelson; David Parr; Herbert Kalmbach; and a lawyer from New York who at that time was a partner, probably still is, in the Mudge law firm, the law firm from which the President and former Attorney General came.

Mr. Weitz. Was that Tom Evans?

Mr. Harrison. Yes.

There are two Tom Evans; one from Delaware and one from New York. This is the New York Tom Evans.

The purpose of the meeting, I learned -- and I actually learned it earlier that morning. Because I had never met Evans -- Hillings had -- I was a little unhappy about going into a meeting where there was some lawyer I had never met before, and I am taking clients in there. Why are we meeting? This is not the way things normally are done. And Hillings said, oh, he is a great old guy, I have known him for years and so forth.

As I recall we had breakfast that morning before the meeting.

Anyway, the purpose of the meeting was stated to be to set up mechanics whereby the dairy industry could contribute money to the Presidential campaign.

I guess I would be indulging in a little hyperbole if I said it was an ineffective meeting. But it was not effective because it struck me that was not very complicated. It still does not strike me as being very complicated as to how a trust fund which is a reporting body and which publicly discloses

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not only to the Clerk of the House, but to its members what it is doing, how it contributes -- that is, somebody gives us a name of the committee and the address and the name of a real live treasurer -- who contributes not to exceed \$5,000 to that committee per calendar year. And it seemed to me that there was no mechanical problem, legal problem as far as the client was concerned.

If, there was a mechanical problem, the mechanical problem was on the part of the donees. They either had committees or they did not. They had their internal structure so organized that they could funnel money where they wanted to or they could not.

We spent what seemed to me, in terms of the time, an hour or so discussing what then, as now, does not seem to me to need much discussion.

It was left that Tom Evans, who was going to set up some committees and find what committees already existed, and then he would brush them by me for approval. Of course there was not really much approval for me to give or not to give.

Be that as it may, in due course over a period, presumably over a couple of years -- these things were all kind of vague as to what the period of time was -- anyhow, the contributions were to be made by these committees.

The long and short of it was, Tom Evans never set up any committees. I never heard about them; I never heard anything

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House Judiciary Committee staff

Law Offices  
REEVES & HARRISON  
Suite 500  
1701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006  
Telephone 202 298-9030  
Telex 440376 CROK  
Cable "REEVLAW"

Marion Edwyn Harrison  
Ernest Gene Reeves  
Robert F. Sagle  
Myron Solier  
Judy R. Potter

OF COUNSEL  
Patrick J. Hillings  
Wm. Montgomery Smith

November 2, 1970

Mr. Harold S. Nelson  
General Manager  
Associated Milk Producers, Inc.  
GPM Building, 4th Floor  
San Antonio, Texas 78216

Re: TAPE - Contributions

Dear Harold:

The enclosed article appeared in the WASHINGTON POST on Saturday, October 31, I am dictating this letter Saturday afternoon so truthfully I can say nobody has called me to complain about the article. However, I have little doubt that sooner or later I will get complaints. Fortunately most political types are out of town and will not see the October 31 issue of the POST.

You have not solicited my opinion concerning all the activities of TAPE but in the spirit of attempting to be of some value to AMPI, let me offer some comments which I hope will be helpful.

1. Publicity in general is undesirable. If a news-hound gets on Mr. Iaham's back or on the back of somebody else knowledgeable, some publicity is unavoidable. However, the less said, the better. A statement like the last one in the article - the very last paragraph - is realistic to the sophisticated but does not look good in print.

2. The contributions to the two incumbents mentioned in the penultimate paragraph strike me as unwise because I believe the general practice of hedging a bet is unwise. Maybe one reason I always louse up on the stock market is because I do not understand the basic principle that there are two ways to sell and make a profit - either long or short, depending upon whether the market is going up or down. Nevertheless, in politics, I think the safer thing to do is determine in one particular race which of the two

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Mr. Harold S. Nelson

- 2 -

November 2, 1970

candidates for various reasons is the preferred and then contribute only to that one candidate. It may be that the wiser decision will be to contribute to the candidate more likely to lose but at any rate to contribute to both just undermines the value of both contributions if the fact of hedging gets known to the wrong people. In particular, I am afraid the contribution on one side of the fence in Indiana will cause some trouble even if that gentleman is reelected. There are some considerations with regard to that which we can discuss some time when we are together.

3. The biggest problem of all I see stemming from this article is disclosure of the fact - which I certainly did not know - that there was a sizable contribution to Page's opponent. No single person was of more help to us concerning certain events last March than Page. It is possible that the decision that was made would have been made without his help. We never can know. However, he was a great help and never once when I asked him to do something in connection with that matter did he fail to do it. He also spoke on one occasion directly and personally to the President. I really don't think that conversation was what effected the final outcome but it was marvelous offensive running for us. Page is getting old and he might just be very upset if ever he learns about a hedging contribution.

4. It seems to me a contribution to a candidate who is unopposed inherently is risky. Anybody who knows anything about the practicalities of politics knows that an incumbent must get out newsletters and otherwise spend money for which there is no federal appropriation. Every time my own Congressman sends out a newsletter - and he has to send out two or three each year - it costs him in excess of \$3,000.00. Unfortunately he always is very vigorously opposed. Even if he weren't, he would need to send out the newsletters and would need some contributions. However, it is hard as the devil to explain to people unsophisticated in matters political why it is that a fellow who is unopposed needs a campaign contribution. Consequently, it would be my strong recommendation that TAPE and our other like organizations contribute only to candidates who are opposed and let sources which can contribute in cash and without the risk of publicity do the contributing to those candidates who are unopposed.

We all are going to be meeting here on November 19, if not sooner. May I suggest at that time, or sooner, we get together and discuss this whole subject of who gets what con-

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Mr. Harold S. Nelson

- 3 -

November 2, 1970

tribution. Pat and I probably should know who has gotten what in case somebody jumps us. We also want to know what our strategy will be if Page jumps us. We must remember, allowing for some difference in age, he has been a very good friend of mine and of Pat's for 19 years. During all those years, I have never asked him to do anything for me or for a client, until Pat and I were retained by AMPI. Since then, to the limit of his ability, he has done what I have asked.

There is much more we could discuss on this general subject but it would not be the best to try to do it by correspondence.

Sincerely,

MARION EDWYN HARRISON

cc: Mr. David L. Parr

Enclosure  
MEH: ek

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MEMORANDUM FOR HARRISON

DATE: 11/2/70

1701 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20006

TELEPHONE 202 295-9030

TELEX 440076 CHOR

CABLE "ECONVIEW"

DE

OF COUNSEL  
PATRICK J. HILLING  
WILSON, HORTON & SMITH

MARION HARRISON  
1701 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20006  
TELEPHONE 202 295-9030  
TELEX 440076 CHOR  
CABLE "ECONVIEW"

November 2, 1970

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Mr. Harold S. Nelson

- 2 -

November 2, 1970

candidates for various reasons is the preferred and then contribute only to that one candidate. It may be that the wiser decision will be to contribute to the candidate more likely to lose but at any rate to contribute to both just undermines the value of both contributions if the fact of hedging gets known to the wrong people. In particular, I am afraid the contribution on one side of the fence in Indiana will cause some trouble even if that gentleman is reelected. There are some considerations with regard to that which we can discuss some time when we are together.

3. The biggest problem of all I see stemming from this article is disclosure of the fact - which I certainly did not know - that there was a sizable contribution to Page's opponent. No single person was of more help to us concerning certain events last March than Page. It is possible that the decision that was made would have been made without his help. We never can know. However, he was a great help and never once when I asked him to do something in connection with that matter did he fail to do it. He also spoke on one occasion directly and personally to the President. I really don't think that conversation was what effected the final outcome but it was marvelous offensive running for us. Page is getting old and he might just be very upset if ever he learns about a hedging contribution.

4. It seems to me a contribution to a candidate who is unopposed inherently is risky. Anybody who knows anything about the practicalities of politics knows that an incumbent must get out newsletters and otherwise spend money for which there is no federal appropriation. Every time my own Congressman sends out a newsletter - and he has to send out two or three each year - it costs him in excess of \$3,000.00. Unfortunately he always is very vigorously opposed. Even if he weren't, he would need to send out the newsletters and would need some contributions. However, it is hard as the devil to explain to people unsophisticated in matters political why it is that a fellow who is unopposed needs a campaign contribution. Consequently, it would be my strong recommendation that TAPP and our other like organizations contribute only to candidates who are opposed and let sources which can contribute in cash and without the risk of publicity do the contributing to those candidates who are unopposed.

We all are going to be meeting here on November 19, if not sooner. May I suggest at that time, or sooner, we get together and discuss this whole subject of who gets what con-

Mr. Harold G. Nelson

- 3 -

November 2, 1970

D

tribution. Pat and I probably should know who has gotten what in case somebody jumps us. We also want to know what our strategy will be if Page jumps us. We must remember, allowing for some difference in age, he has been a very good friend of mine and of Pat's for 19 years. During all those years, I have never asked him to do anything for me or for a client, until Pat and I were retained by AMPI. Since then, to the limit of his ability, he has done what I have asked.

There is much more we could discuss on this general subject but it would not be the best to try to do it by correspondence.

Sincerely,



MARION EDWYN HARRISON

cc: Mr. David L. Parr

Enclosure  
MEH:ck



12. On December 16 or 17, 1970 AMPI lawyer Hillings hand-delivered to the White House a letter to the President requesting that the President adopt a Tariff Commission recommendation to restrict imports of chocolate crumb and other dairy products. The letter stated that AMPI had contributed about \$135,000 to Republican candidates in the 1970 election, was now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for AMPI to contribute \$2 million for the President's re-election, and also was funding a special project. The letter was routed to Haldeman, Ehrlichman and Colson. According to the White House "White Paper" on the milk price support decision, the President did not see the letter.

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	Page
12.1 Letter from Patrick Hillings to the President, December 16, 1970 with attached memorandum, December 1, 1970, and attached routing slips (received from SSC). . . . .	236
12.2 White House "White Paper," <u>The Milk Support Price Decision</u> , January 8, 1974, 1, 9. . . . .	256

*Exhibit 1001  
Hillings letter  
(see)*

THE WHITE HOUSE  
WASHINGTON

TO: *JE*

FROM: JOHN BROWN

FYI \_\_\_\_\_

COMMENT Would you  
check with E 2.  
As to an whether  
that should go in  
and if so in what  
form.

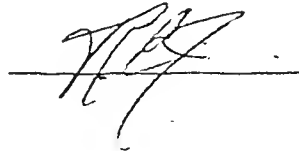
MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

December 17, 1970

TO: H. R. HALDEMAN  
FROM: ROGER JOHNSON  
SUBJECT: Letter to the President from Pat Hillings.

Pat Hillings handed me the attached letter and asked that it be directed to the President. It concerns a matter with which both Peter Flanigan and Chuck Colson are familiar and on which they are working.

A handwritten signature, likely of J. Edgar Hoover, is written over a horizontal line.

LAW OFFICES

REEVES & HARRISON

SUITE 500

1701 PENNSYLVANIA AVENUE, N. W.

WASHINGTON, D. C. 20006

TELEPHONE 202 298-3030

TELEX 440378 CROK

CABLE "REEVLAW"

MARION EDWIN HARRISON

ERNEST GENE REEVES

JOSEPH R. SAGLE

FRANK BOLTER

JOHN H. POTTER

OF COUNSEL

PATRICK J. HILLINGS

WM. MONTGOMERY SMITH

December 16, 1970

The Honorable Richard Nixon  
The White House  
Washington, D. C.

Re: §22 Tariff Commission (Milk) Recommendations  
Presidential Proclamation

Dear Mr. President:

This letter discusses a matter of some delicacy and of significant political impact.

Since January 1 my Washington partner Marion Harrison (one of your 1968 Virginia Co-Chairmen) and I have represented Associated Milk Producers, Inc. ("AMPI"). At the White House in September you privately met AMPI's two key leaders, Harold Nelson and Dave Parr. You spoke by telephone from the beach at San Clemente to Secretary Hardin and to Harold Nelson during AMPI's annual convention in Chicago Labor Day weekend. You told Harold of your intent personally to address AMPI's next annual convention (a gathering of almost 30,000 dairy farmers and their families).

AMPI has followed our advice explicitly and will do so in the future. AMPI contributed about \$135,000.00 to Republican candidates in the 1970 election. We are now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for AMPI to contribute \$2 million for your re-election. AMPI also is funding a special project.

On September 21 the Tariff Commission recommended to you, after it did a study you requested in May, four specific quotas for four specific dairy products. These recommendations are well documented and by now are well known in the dairy and related industries. No Presidential Proclamation has been issued.

The problem is this. The dairy industry cannot understand why these recommendations were not implemented

- 2 -

very quickly. The longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days. On one occasion, President Johnson even imposed quotas before he received the Tariff Commission's recommendations!

The overall parity ratio is at its lowest since December 1933. Farmers generally are unhappy with the economy. You know our farmbelt losses in the election.

The Government saves money (by saving price support payments) and the farmer makes money when the recommended quotas are imposed. The products are all "evasion" products - that is, products which historically were not imported but which started to be imported only after quotas were imposed on other products.

The dairy and related industries have great faith in your personal leadership. At the same time, they are shaken by the economy. The right kind of Proclamation issued quickly would dramatize your personal interest in a large segment of agriculture.

This problem is bogged down within the White House. It is a victim of the bureaucracy - the Trade Bill people, the National Security Council people, the domestic people. It has been studied and restudied. It is not moving.

We write you both as advocates and as supporters. The time is ripe politically and economically to impose the recommended quotas. Secretary Hardin, the Tariff Commission and the dairy industry all support this. All that is necessary is a simple Proclamation implementing the four specific Tariff Commission recommendations.

(We attach a more detailed Memorandum. The subject is quite interesting if you have time for it.)

Respectfully,

A large, stylized handwritten signature in dark ink, appearing to be 'PJH', with a long horizontal stroke extending to the right.

PATRICK J. HILLINGS

PJH:ek

Enclosure

LAW OFFICES

REEVES & HARRISON

SUITE 500

1701 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D. C. 20006

TELEPHONE 202 204-9030

TELEX 440375 CRDK

CABLE "REEVLAW"

OF COUNSEL

PATRICK J. HILLINGS

WM. MONTGOMERY SMITH

December 1, 1970

MEMORANDUM TO THE SPECIAL COUNSEL TO THE PRESIDENT

Dairy Industry Support for §22 Tariff  
Commission Recommendations

1. Introduction

The dairy industry supports the §22 Tariff Commission recommendations for import quotas and opposes the White House staff proposal. This Memorandum is written on behalf of our client, Associated Milk Producers, Inc., representing a very major segment of the dairy industry, in support of the President's issuing a Proclamation implementing the §22 Tariff Commission recommendations exactly as recommended by the Tariff Commission.

a. §22 Tariff Commission Recommendations

The Tariff Commission has recommended to the President that he set quotas of zero for "ice cream"; of zero for certain chocolates; of zero for certain animal feeds; and of 100,000 pounds per annum for certain lowfat cheeses. These recommendations are based upon historic imports.

b. Staff Proposal

The staff proposes to submit to the President a recommendation that he set quotas drastically higher than

those recommended by the Tariff Commission - specifically, 5 million pounds (or 633,500 gallons) for ice cream; 5 million pounds for chocolate; 17 million pounds for animal feeds; 9 million pounds for lowfat cheese.

The staff's recommendation evidently is based upon a synthesis of admittedly difficult foreign trade negotiation considerations, a lack of full realization of the economic impact of its recommendations upon the American dairy industry, a minimization of possible domestic political impact and a non-acknowledgement of the evasion factors involved in the recent dramatic increases in imports.

We fully recognize the difficulty of the staff's assignment. We believe that the approach taken by the staff has made that assignment more difficult. We are hopeful the facts set forth in this Memorandum and in the tables attached will be helpful.

### c. Absence of Legal Issues

Apparently at least one member of the staff is concerned that we might be under the impression the dairy industry has some kind of legal right to quotas as recommended by the Tariff Commission. Obviously we are under no such impression. The statute is clear. The President has absolute discretion, unreviewable in the courts, and final authority. (Indeed, if we had a legal right, there would be nothing about which to negotiate.)

## 2. Political Considerations

Since this firm began to represent AMPI, that organization has been, and regardless of the outcome of this matter will continue to be, most helpful to the Administration.

However, neither AMPI nor any other source of leadership in the dairy industry can guarantee the support of the membership and of those many segments of voters who directly or indirectly are tied in to the agricultural economy. As the recent election has shown, the economic issue is foremost in the minds of many voters and, reasonably or otherwise,

when there is a downturn in the economy, they hold it against the Administration.

The dairy farmers' 1972 vote obviously is not going to turn totally upon the quotas set for dairy products. However, that is one of many factors which go into the mix that ultimately both psychologically and economically affects the dairy farmers' relationship with the Administration. The present lack of accord as to quotas is particularly puzzling to those dairy farmers sufficiently sophisticated to be aware of the situation, a number which increases as time passes. This is so because in the past the dairy industry more often than not has sought quotas stricter than those recommended by the Tariff Commission. Here the industry seeks only to implement the recommendations of the Tariff Commission. Farmers cannot understand the subtleties of diplomatic negotiation. When the Tariff Commission issues a detailed, factual and convincing report, based upon a study directed by the President, farmers do not understand why the President will not accept the recommendations contained in the report. (The fact that those of us in Washington allegedly more sophisticated in these matters can understand some of the problems, unfortunately, is neither relevant nor convincing.)

a. North Central States

The dairy industry exists in varying proportion in all 50 states. It is strongest in some of those states which traditionally are the backbone of Republican voting strength and which the President must carry in 1972. Some 65% of all milk used in manufactured dairy products comes from the Dakotas, Minnesota and Wisconsin. In the recent election, we lost every statewide race in those four states. We also lost five House seats. We do not suggest the difference in the amount of a quota on a dairy product would mean the difference in such races. We do suggest that the political considerations which motivate recognition of the dairy industry's import problems are significant in the total voter reaction in those states.

b. Merits

The welfare of the dairy industry is closely tied to the Government. In large measure this is a consequence

of too much success in increasing dairy production. However, we must face the facts as they are and not as one might wish them to be. Fortunately, the Tariff Commission's 522 recommendations stand on their own merits, all political considerations aside.

### 3. Psychological and Price Considerations of Dairy Industry

Both psychological and price considerations of the dairy industry should be considered. The latter can be explained more readily than the former.

As Table VI indicates, if the staff proposal were implemented, dairy farmers would lose an estimated \$4,649,000.00.

The psychological blow to the dairy industry would be meaningful, difficult though it is to attempt to explain.

At the present time, there is substantial personal support for the President in the dairy and related industries and, except for the present adverse economic condition in the country, there is general dairy farmer support for the Administration. The sources for this feeling are many - the dairy farmer's personal admiration for the President, the dairy farmer's natural inclination (in most states, particularly outside the South) toward the Republican Party, the dairy farmer's appreciation of his good relations with the present Administration and other factors. The dairy farmer reasonably cannot expect to get from this Administration, or from any other, everything he wants. However, to turn him down in an area where another body of the Government, ostensibly speaking with great expertise, publicly has recommended something he wants, risks a psychological blow of unpredictable proportion. (As some know, there are also other considerations why AMPI cannot afford any psychological block to its present activities.)

Even more complicated than the direct psychological repercussion is the combined psychological and economic repercussion. When some purchasers are allowed to purchase imported dairy products at a price less than all other purchasers must pay for domestic products, there is an unfair cost advantage to all other purchasers. If the staff proposal be implemented, that unfair cost advantage would be about \$3,510,000.00 (Table VI).

- 5 -

The exercise of that advantage tends to have a lowering effect generally on dairy product prices. The dairy industry is not necessarily advocating continually higher prices for dairy products. However, as a matter of survival, it must favor at the minimum (1) the holding of present prices and (2) price increases based upon cost of living increases and increased production costs. The creation of an unfair price advantage to a small portion of purchasers has a negative impetus on these goals.

#### 4. Evolution of Imports

The evolution of imports of ice cream, chocolate, animal feeds and lowfat cheese - the §22 items - is particularly relevant.

Normally imports of a product, dairy or otherwise, rise or fall according to a pattern which relates to internal demand and cost competition factors. In the instance of these §22 products, as with a number of other dairy products in recent years, the rise in imports is sudden and dramatic. Appendix A, which reproduces page 19 of the §22 Report, by table shows this increase. Ice cream went from zero in the first five months of calendar 1969 to 2,588,000 gallons in the last seven months of calendar 1969. In the first seven months of calendar 1970, it went to 4,012,000 gallons. Thus, in the fiscal year 1970, total ice cream imports were almost 6,600,000 gallons - an acceleration from zero! The figures are similar with respect to the other products. Lowfat cheese had minimal imports through the years but these, too, increased dramatically in 1969 and 1970. Complete calendar 1970 figures are not available. However, all informed sources seem in agreement that the rate of acceleration continues unabated.

Imports appear to be running presently at about 1.4% of total domestic dairy production. Since 1953, imports have run as low as 0.4%, as high as 2.4% (1957). As the information at page 55 of the §22 Report indicates, imports now apparently are rising again. (The figure of 1.4% - rising - is to be contrasted with an export figure for 1969 of 0.8%. Of course, even if exports in percentile terms equalled or exceeded imports, the cost disadvantage to the dairy and related industries and to the taxpayer through support prices would continue.)

- 6 -

The reasons for the sudden and dramatic rise in imports of these four products are easy to find. Since 1953, there have been \$22 quotas on some dairy products. As a quota is imposed and enforced, foreign competitors find a loophole in the form of another product not under quota. They then commence exporting of that non-quota product. Since the Presidential Proclamation of January 1959, foreign producers have moved to the loopholes represented by the present absence of quotas in the four \$22 products.

### 5. Reward for Evasion

As Tables I and II indicate, the staff proposal would reward the foreign evader for his successful evasion. In other words, the foreign producer did not export, for example, ice cream, until fiscal 1970. He exported it then only because a prior proclamation had curtailed his exporting certain other products. As the \$22 Report shows, the record of imports in the dairy industry is the record of successful evasions. The foreign exporter pursues a relentless quest for a loophole - a product for the moment not under quota.

We perceive no reason why successful evasion should be rewarded.

It has been suggested that the proposal for ice cream would "roll back" or "cut back" ice cream imports to 25% of calendar 1969. Expressed in that frame of reference, this proposal seems stringent. However, if one looks at the record of imports, one finds that there were no imports of ice cream until calendar 1969. Consequently, to roll back or cut back to 25% of those imports is no rollback or cutback at all, but rather is a reward to the foreign exporter for his assiduousness and acumen in discovering that ice cream - itself an unfinished product unrecognizable as ice cream - might offer a loophole. To make the 25% figure or any other figure meaningful, the frame of reference must be relevant. If one is going to limit a chicken thief to the number of chickens he may steal, one should use as his frame of reference the historical years during which there was no thievery rather than the most recent year during which for one reason or another the chicken thief began his nefarious activity. Twenty-five percent of an evasion is an evasion - to be precise, an evasion at the rate of 5,000,000 pounds or 633,500 gallons annually.

We strongly enjoin upon the staff the wisdom of selecting a meaningful frame of reference - the historical years during which these evasion products were not imported. As the Tariff Commission as stated, "... the period in which such increases in imports occurred cannot properly be regarded as being the whole, or part, of a representative period within the meaning of the statute. To do so makes the 'representative period' concept meaningless; it not only improperly increases the minimum permissible quantities of articles which may be imported but also affects the equities of the foreign countries that supplied, and the importers who imported, the traditional imports of dairy products . . . ." Page 20, §22 Report.

With respect to three of the four §22 products there is not even a suggestion of an alleged rollback. As Table II demonstrates, the proposal would permit chocolate imports 10 times greater than the actual imports for calendar 1969, animal feed imports twice greater than the actual imports for calendar 1969 and lowfat cheese imports three times greater than the actual imports for calendar 1969.

The line of reasoning behind such suggested permissiveness can be only one or both of two considerations, either unacceptable to the dairy industry. The first would be that quotas if too low are unenforceable. The other would be that the proposed quotas are less than imports will be in 1970 or would be in some future year. As to enforceability, it seems clear that the simpler means to facilitate enforcement is to set a zero quota - any quantity is unlawful, no measurement or guessing as to prior imports is required. As to portended increases, such reasoning only stimulates a feverish-effort-rapidly to increase imports. If importers are given to understand that future quotas will be set in relation to what the importer might do in the future if given the time and encouragement to do it, the importer will be rewarded for his ingenuity and speed in finding evasion products and dumping as many of them as possible and as quickly as possible upon the American market.

#### 6. Cost to Taxpayers and Farmers

As Tables III, V and VI demonstrate, the staff proposal would cost the taxpayers money in the form of Department of Agriculture (CCC) support payments or would

- 8 -

cost the dairy farmer money through product dislocation. The former loss would be about \$3,045,000.00 and the latter loss would be about \$4,649,000.00.

The present proposal would legitimize imports of \$9,300,000.00 whereas actual imports prior to calendar 1969 of the same four products were only \$20,000.00. It is easy to dismiss the whole subject as of limited meaning by assigning a percentage for imports in comparison to some astronomical but irrelevant figure as, for example the percentage of imports to total domestic dairy production. However, when one views the actual dollars and considers that the proposal would legitimize imports at an increase from \$20,000.00 to \$9,300,000.00, the impact becomes more visible.

#### 7. Relationship of \$22 Dairy Products

It has been suggested that ice cream accounts for 88% of the four \$22 products, that the percentile increase for ice cream is less than for the other three products and that, therefore, by some alchemy, the total proposal should have no dollar affect upon the dairy and related industries.

One should note initially that ice cream does not represent 88% of the total of the four products. On the basis of solids not fat measurement, it represents only 9,000,000 pounds or 3% - by far the least of the four products. On the basis of fat measurement, it represents 25,000,000 pounds or 76%. Because animal feeds are not a fat product, comparison on the basis of fat measurement omits 170,000,000 pounds of solids not fat measurement as to animal feeds and renders the entire basis for comparison useless. See Table IV.

On the basis of a dollar comparison, ice cream also is the smallest of the four products - see Table V, showing that ice cream represents \$1,300,000.00 compared to \$1,400,000.00 for chocolate, \$2,700,000.00 for lowfat cheese, \$3,900,000.00 for animal feeds, a total of \$9,300,000.00. Even on the basis of imported value as distinguished from domestic value, ice cream represents the smallest value, \$500,000.00 of \$5,790,000.00.

Thus, it is incorrect to contend that there should be no problem because there is a rollback as to

ice cream and ice cream is 333 of the total package. This argument is incorrect for two reasons, as noted supra, (1) because by either of the two acceptable methods of measurement, ice cream is the smallest of the four products; and (2) because ice cream is not to be rolled back but rather is to be increased by 5,000,000 pounds or 638,500 gallons over its pre-1969 import level.1/

1/ In support of the proposition that measuring ice cream by fat content is an improper means of measurement, we note the comment of the Tariff Commission.

"... In examining the effects of imports on the price-support programs, it is therefore necessary to give due consideration not only to the butterfat, but also to the nonfat milk solids contained therein.

"Imports of many of the basic forms of nonfat milk solids (i.e. nonfat dry milk, dry buttermilk, and dry whey) have been subject to section 22 quotas since the initial section 22 quotas were established in 1953. Since that time most of the emphasis on imports of dairy products has been on products containing butterfat and no nonfat milk solids or on products containing large proportions of butterfat in relation to their nonfat milk solids content. As the importation of these products has increased they have generally been placed under section 22 limitations to prevent them from interfering with the price support programs.

"As the imports of dairy products with significant butterfat content have been for the most part brought under section 22 controls, importers have now also turned their attention toward products which contain little or no butterfat, but which contain significant amounts of nonfat milk solids (e.g., the animal feeds and low-fat cheese considered in this investigation). When measuring imports of such products, milk equivalency on a butterfat basis is obviously of limited usefulness . . . ." Pages 5-6, §22 Report.

- 10 -

### 8. Conclusion

From the foregoing, it should be clear that the dairy industry cannot accept the staff proposal as a helpful implementation of the §22 recommendations or as a significant step toward solving the problem of evasion imports. It also should be clear that, merits aside, practical political considerations militate in the direction of implementing §22 recommendations, at least to the extent not totally precluded by a countervailing political (as distinguished from diplomatic) consideration.<sup>2/</sup>



MARION EDWYN HARRISON

<sup>2/</sup> The diplomatic considerations should not be undue. A reasonable foreign negotiator would have to admit that the discussion concerns evasion products and that the historical and meaningful base period is that of zero or negligible imports. The assignment of our diplomatic negotiators should be to negotiate the result we desire, not to limit the result by the difficulty of the negotiations.

COMPARISONS - MILK PRODUCTS IMPORTS

<u>Products</u>	<u>Actual Imports</u>		<u>Proposals</u>		<u>Staff Prep Per Ann</u>
	<u>Average Per Annum Base Period/ 1963-1965</u>	<u>Average Per Annum Base Period/ 1967-1969</u>	<u>\$22 Recommendation Per Annum</u>		
Ice Cream <sup>2</sup> /	-0-	863,000	-0-		638,5
Chocolate	-0-	159,000	-0-		5,000,0
Artisan animal feeds	-0-	4,039,000	-0-		17,000,0
Artisan lowfat cheeses	60,000	1,040,000	100,000		9,000,0

12.1 ATTACHMENT TO MARION HARRISON MEMORANDUM

Base period average means total for base period divided by number of years in base period.  
Gallons. Other figures in pounds.

TABLE II  
COMPARISONS - MILK PRODUCT IMPORTS

<u>Products</u>	<u>Actual Imports Calendar 1969</u>	<u>Staff Proposal</u>	<u>Ratio</u>
Ice Cream <sup>1</sup> / <sub>2</sub>	2,580,000	638,500	25%
Chocolate	477,000	5,000,000	10 times greater
Certain animal feeds	9,693,000	17,000,000	Twice greater
Certain lowfat cheeses	3,000,000	9,000,000	3 times greater

<sup>1</sup>/<sub>2</sub> Gallons. Other figures in pounds.

ANALYSIS OF PROPOSED DAIRY QUOTA

<u>Product</u>	<u>Staff Proposal</u>		<u>Costs</u>	
	<u>Product Pounds</u>	<u>Milk Equivalent</u>	<u>To USDA/</u>	<u>To Dairy Fa</u>
Ice Cream	5,000,000	9,000,000 - SNF <sup>3/</sup>	205,000.00 - SNF	\$ 476,00
		25,000,000 - fat	936,000.00 - fat	
			\$ 1,135,000.00	
Chocolate	5,000,000	19,000,000 - SNF	433,000.00 - SNF	364,00
		6,875,000 - fat	256,000.00 - fat	
			689,000.00	
Animal Feeds	17,000,000	170,000,000 - SNF	3,876,000.00 - SNF	2,381,00
		No fat	-0-	
			3,876,000.00	
Lowfat Cheese	9,000,000	101,000,000 - SNF	2,303,000.00 - SNF	1,428,00
		1,125,000 - fat	42,000.00 - fat	
			2,345,000.00	
Totals		299,000,000 - SNF	6,817,000.00 - SNF	\$ 4,649,00
		33,000,000 - fat	1,228,000.00 - fat	
			\$ 8,045,000.00	

/ USDA cost to remove an equivalent volume of product in the form of butter and nonfat dry milk based on cost of \$37,200.00 for each million of fat equivalent and \$22,800.00 for each million pounds of solids not fat (SNF) equivalent.

/ Costs resulting from imports of these products at proposed levels - assumes a price elastic of demand at the farm of -.3 (in other words, if imports increase the total milk product supply by 1%, price to farmer drops -.3%).

/ Solids not fat.

TABLE IV

STAFF PROPOSAL, -  
RELATIONSHIP OF \$22 DAIRY PRODUCTS<sup>1/</sup>

<u>Product</u>	<u>Fat Measurement</u>	<u>Solids Not Fat Measurement</u>
Ice Cream	25,000,000 = 76 %	9,000,000 = 3 %
Chocolate	6,875,000 = 21 %	19,000,000 = 6 %
Animal Feeds	- = 0 %	170,000,000 = 57 %
Lowfat Cheese	<u>1,125,000</u> = <u>3 %</u>	<u>101,000,000</u> = <u>34 %</u>
Totals	33,000,000 100 %	299,000,000 100 %

<sup>1/</sup> Pounds or % of milk equivalent.

TABLE V

TOTAL U.S. VALUE OF \$22 DAIRY PRODUCTS

<u>Product</u>	<u>Imports Prior to Calendar 1969</u>	<u>Staff Proposal</u>	<u>Imported Value</u>	<u>Unfair Cost Advantage</u>
Ice Cream	- 0 -	\$ 1,300,000.00	\$ 500,000.00	\$ 800,000.00
Chocolate	- 0 -	1,400,000.00	1,050,000.00	350,000.00
Animal Feeds	- 0 -	3,900,000.00	2,440,000.00	1,460,000.00
Lowfat Cheese	<u>\$ 20,000.00</u>	<u>2,700,000.00</u>	<u>1,800,000.00</u>	<u>900,000.00</u>
Totals	\$ 20,000.00	\$ 9,300,000.00	\$ 5,790,000.00	\$ 3,510,000.00

TABLE VI

LOSSES TO TAXPAYERS OR FARMERS - STAFF PROPOSAL

<u>Product</u>	<u>Cost (Loss) to USDA (Taxpayers)</u>	<u>Loss to Dairy Farmer</u>	<u>Unfair Cost Advantage</u>
Ice Cream	\$ 1,135,000.00	\$ 476,000.00	\$ 800,000.00
Chocolate	689,000.00	364,000.00	350,000.00
Animal Feeds	3,876,000.00	2,381,000.00	1,460,000.00
Lowfat Cheese	<u>2,345,000.00</u>	<u>1,428,000.00</u>	<u>900,000.00</u>
	\$ 8,045,000.00	\$ 4,649,000.00	\$ 3,510,000.00

Thus, while domestic purchasers theoretically could save \$3,510,000.00 by purchasing at the lower import price, their saving would cost taxpayers \$8,045,000.00 or American dairy farmers would lose \$4,649,000.00

FOR IMMEDIATE RELEASE

JANUARY 8, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

The Milk Support Price Decision

During the spring of 1971, Secretary of Agriculture Clifford Hardin announced that certain dairy products would be supported by the Federal Government at 80 percent of parity during the 1971-72 marketing season. Subsequently, under heavy pressure from the Congress to increase supports and after consultation with his senior advisers, the President reconsidered and requested the Secretary to raise the price support level for the coming year to 85 percent of parity.

Because the President also met with dairy leaders during this same period and because campaign contributions were given to his re-election effort during 1971, there have been charges in the media and elsewhere that the President's actions on price supports were the result of promises from the dairy industry to contribute to the 1972 Republican Presidential campaign. These allegations are unsupported by evidence and are totally false.

I. The Decisions of March, 1971

The decision announced each year by the Secretary of Agriculture of the price at which the Government will support milk prices has a significant impact on the Nation's dairy farmers. In 1970, Secretary Hardin had announced that for the marketing year running from April 1, 1970 through March 31, 1971, the Government would support manufacturing milk at \$4.66 per 100 pounds, or at 85 percent of parity. This figure represented an increase of 38 cents and an increase of 2 percent of the parity rate over the year before (1969-1970).

As the 1971-72 marketing season approached, the question within the Government was whether to continue supporting the milk price at \$4.66 per 100 pounds or to raise the price. Because a grain shortage and other factors had increased the costs of production for dairy farmers, a continuation of the \$4.66 price meant that the parity rate would actually fall to approximately 80 percent. To the farmers, a drop in parity rate would result in a possible loss of income which in turn could deter production. The farmers therefore advocated an increase in the price support to \$5.21 per 100 pounds, or 90 percent of parity; at the very least, they argued, the Government should raise the price to \$4.92 per 100 pounds and thereby maintain the current parity rate of 85 percent. At the Department of Agriculture, it was feared that such price increases might encourage excess production on the farms, raise the prices of dairy products for consumers, and ultimately force the Government to purchase the surplus products.

The dairy industry, which had become highly organized in the 1960s, moved to exert maximum, direct pressure on the Secretary of Agriculture in early 1971. In a few weeks, over 13,000 letters from milk producers were received by the Department of Agriculture.

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NOTE: THE COMPLETE TEXT OF THE WHITE HOUSE PAPER ON MILK PRICE SUPPORTS IS REPRINTED AT 7.1.

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Another reference to fundraising was in a letter addressed to the President on December 16, 1970 from Patrick J. Hillings; a former Congressman who had succeeded Mr. Nixon in his Congressional seat after the latter had been elected to the Senate. At that time, Mr. Hillings was a member of a Washington, D.C. law firm that represented the dairymen in the Nation's Capital. In his letter, Mr. Hillings asked for the immediate imposition of revised dairy import quotas in accordance with recommendations recently presented to the President by the Tariff Commission. President Nixon did not see the letter.

Since the President had already been informed of the fundraising efforts by the dairy industry, the only possible relevance of the Hillings letter would lie in what action was taken on the Tariff Commission recommendations that Mr. Hillings asked the President to accept.

The fact is that the action taken by the President on import quotas was less favorable to the dairy industry than the steps recommended by the Tariff Commission. The Commission, a body of impartial experts, had recommended on economic grounds and pursuant to statutory requirements that imports be closed off entirely for three dairy products (ice cream, certain chocolate products, and animal feeds containing milk derivatives) and that much lower import quotas be set for a fourth item, low-fat cheese. Rather than closing off imports -- an action that would have been more favorable to the dairy industry -- the President instead reduced the import quotas on each item, permitting all four goods to continue their competition with American dairy products.

#### 1971

The President next met with dairy representatives at 10:30 a.m. on March 23, 1971, in the Cabinet Room of the White House. Included in the meeting were a delegation from the dairy cooperatives as well as several Administration officials, including OMB Director, George Shultz; Assistant to the President, John Ehrlichman; Deputy Assistants to the President, Henry Cashen and John Whitaker; and Donald Rice, Associate Director of OMB. From the Department of Agriculture were Secretary Hardin; Under Secretary Phil Campbell; Assistant Secretaries Clarence Palmby and Richard Lyng; and Deputy Assistant Secretary William Galbraith.

Contrary to allegations which have since been made, the meeting had been scheduled more than three weeks before the March 12 announcement on price supports by Secretary Hardin. As noted above, the meeting stemmed from an invitation first extended on September 4, 1970 when the President spoke by telephone to Harold Nelson of AMPI. In January of 1971, Secretary Hardin recommended to the White House that the meeting be placed on the President's schedule. Thereafter, in February, the White House arranged the March meeting.

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13. By memorandum dated December 18, 1970 Charles Colson complained to Murray Chotiner regarding the behavior of AMPI lawyers Harrison and Hillings. Colson stated that they had so muddled up the present dairy import situation that he almost thought there was no way to help them. He also stated that they had refused to help recently in a matter of great importance.

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13.1 Memorandum from Charles Colson to Murray Chotiner, December 18, 1970 (received from White House). ..... 260

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House Judiciary Committee staff

File with  
Dairy  
Imports --  
December 18, 1970

MEMORANDUM FOR MURRAY CHOTINER

Your friends, Harrison and Hillings, have just about run out of string with Henry Cashen and me. They are personally abusive -- particularly Harrison -- not only to the two of us but to the secretaries in this office and they are making impossible demands. They continually go around us. They have told us that we cannot under any circumstances talk to their principals. Their clients, of course, continue to call us and in an effort to be helpful to Harrison and Hillings we refuse to take the calls.

They have so muddled up the present dairy import situation that I almost think there is no way that we can help them. It is, believe me, an incredible situation. I practiced law for ten years in this city and wouldn't think of treating a messenger from GSA the way these guys think they can order the White House around. Frankly, in view of the relationship with the dairy industry that is involved, I think that these guys are simply too dangerous to deal with and that they should either be put in their place or cut out of the act altogether. They have also refused to help recently in a matter of great importance to us. In sum, they are very, very bad news.

Unless the situation can be straightened out, I intend to talk to the dairymen directly with the Secretary of Agriculture and simply let them know that we will deal with them on any problems but that we cannot deal with their lawyers -- or at least in the way in which their lawyers have been acting.

Charles W. Colson

bcc: Henry Cashen

Indistinct document retyped by  
House Judiciary Committee staff

File 55  
Dairy  
Imports  
December 18, 1970

MEMORANDUM FOR MURRAY CHOTINER

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Charles W. Colson

bcc: Henry Cashen ✓

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14. On December 31, 1970 the President signed a proclamation lowering import quotas on certin chocolate and other dairy products. The action taken by the President was less favorable than the steps recommended by the Tariff Commission.

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14.2 United States Tariff Commission press release, October 6, 1970 (received from Library of Congress). ....	267
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## Imports of Dairy Products

*Proclamation 4026. December 31, 1970*

PROCLAMATION AMENDING AND CORRECTING PART 3 OF THE APPENDIX TO THE TARIFF SCHEDULES OF THE UNITED STATES WITH RESPECT TO THE IMPORTATION OF AGRICULTURAL COMMODITIES

*By the President of the United States of America  
a Proclamation*

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), limitations have been imposed by Presidential proclamations on the quantities of certain articles which may be imported into the United States in any quota year; and

WHEREAS, in accordance with section 102(3) of the Tariff Classification Act of 1962, the President by Proclamation No. 3548 of August 21, 1963, proclaimed the additional import restrictions set forth in part 3 of the Appendix to the Tariff Schedules of the United States; and

WHEREAS, the import restrictions on certain dairy products set forth in part 3 of the Appendix to the Tariff Schedules of the United States as proclaimed by Proclamation No. 3548 have been amended by Proclamation No. 3558 of October 5, 1963; Proclamation No. 3562 of November 26, 1963; Proclamation No. 3597 of July 7, 1964; section 88 of the Tariff Schedules Technical Amendments Act of 1965 (79 Stat. 950); Proclamation No. 3709 of March 31, 1966; Proclamation No. 3790 of June 30, 1967; Proclamation No. 3822 of December 16, 1967; Proclamation No. 3856 of June 10, 1968; Proclamation No. 3870 of September 24, 1968; and Proclamation No. 3884 of January 6, 1969; and

WHEREAS, pursuant to said section 22, the Secretary of Agriculture advised me there was reason to believe that the articles, for which import restrictions are hereinafter proclaimed, are being imported, and are practically certain to be imported, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with the price support program now conducted by the Department of Agriculture for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat; and

WHEREAS, under the authority of said section 22, I requested the United States Tariff Commission to make an investigation with respect to this matter; and

WHEREAS the United States Tariff Commission has made an investigation under the authority of said section

22 with respect to this matter and has reported to me its findings and recommendations made in connection therewith; and

WHEREAS, on the basis of such investigation and report, I find and declare that the articles, for which import restrictions are hereinafter proclaimed, are being imported and are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price support program now conducted by the Department of Agriculture for milk and butterfat or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat; and

WHEREAS I find and declare that for the purpose of the first proviso of section 22(b) of the Agricultural Adjustment Act, as amended, the representative period for imports of such articles is the calendar years 1967 through 1969; and

WHEREAS, on the basis of such investigation and report, I find and declare that the imposition of the import restrictions hereinafter proclaimed is necessary in order that the entry, or withdrawal from warehouse, for consumption of such articles will not render or tend to render ineffective or materially interfere with the price support program now conducted by the Department of Agriculture for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat; and

WHEREAS I find and declare that the allocation of shares of the import quotas proclaimed herein among the countries of origin shall be based upon the proportion of such articles supplied by such countries during the twelve months July 1969 through June 1970, taking due account of any special factors which may have affected or may be affecting the trade in the articles concerned; and

WHEREAS it has been determined advisable, in order to carry out the intent of the import restrictions proclaimed pursuant to said section 22 with respect to articles for which licenses are required, that the Secretary of Agriculture be authorized to adjust, within the aggregate quantity of any such article permitted to be entered from all countries during a calendar year, the quantities of any such article which may be entered from particular countries of origin;

WHEREAS the Secretary of Commerce has advised me that, due to a processing error, the published figures for the importation during the calendar year 1967 of articles originating in Iceland, on which the import restriction of such articles set forth in item 950.10D of Part III of the Appendix to the Tariff Schedules of the United States was based, understated actual imports from that country for 1967 by 89,000 pounds; and

WHEREAS, in order to carry out the Presidential intention that such import restriction should be based on the level of imports of such articles from Iceland during the calendar year 1967, the figure in the quota quantity column opposite Iceland in item 950.10D of Part III of the Appendix to the Tariff Schedules of the United States should be corrected by increasing the amount by 89,000 pounds;

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under and by virtue of the authority vested in me as President, and in conformity with the provisions of section 22 of the Agricultural Adjustment Act, as amended, and the Tariff Classification Act of 1962, do hereby proclaim that:

1. Part 3 of the Appendix to the Tariff Schedules of the United States is amended as follows:

(a) Headnote 3(a) is amended as follows:

(1) Subdivision (i) is amended by changing the item number "950.15" in the first sentence to "950.16" and by revising the last sentence to read as follows:

"No licenses shall be issued which will permit entry during the first six months of a quota year of more than one-half of the quantities specified in the column entitled 'Quota Quantity' for any of the articles subject to the quotas provided for in items 950.07 through 950.10E, 950.15, and 950.16."

(2) In subdivision (iii) the phrase "items 950.10B, 950.10C, and 950.10D" is changed to read "items 950.10B through 950.10E".

(3) A new subdivision (iv) is added which reads as follows:

"(iv) Notwithstanding any other provision of this part, if the Secretary of Agriculture determines that, in the case of any article for which licenses are required by subdivision (i) hereof, a quantity specified in the column entitled 'Quota Quantity' opposite the name of any country is not likely to be entered within any calendar year, he may by regulation provide with respect to such article for the adjustment for that calendar year, within the aggregate quantity of such article permitted to be entered from all countries during such calendar year, of the quantities of such article which may be entered during such year from particular countries of origin."

(b) Item 950.10E is added following item 950.10D, which reads as follows:

950.10E Cheese, and substitutes for cheese, containing 0.5 percent or less by weight of butterfat, as provided for in items 117.75 and 117.85 of subpart C, part 4, schedule 1, except articles within the scope of other import quotas provided for in this part; if shipped otherwise than in pursuance to a purchase, or if having a purchase price under 47 cents per pound:

Country of Origin	Quota Quantity (In pounds)
Denmark -----	6,680,000
United Kingdom-----	791,000
Ireland -----	756,500
West Germany-----	100,000
Poland -----	385,600
Australia -----	123,600
Iceland -----	64,300
Other -----	None

(c) Items 950.16, 950.17, and 950.18 are added following item 950.15, which read as follows:

950.16 Chocolate provided for in item 156.30 of part 10 and articles containing chocolate provided for in item 182.95, part 15, schedule 1, containing 5.5 percent or less by weight of butterfat (except articles for consumption at retail as candy or confection):

Country of Origin	Quota Quantity (In pounds)
United Kingdom-----	930,000
Ireland -----	3,750,000
Other -----	None

950.17 Animal feeds containing milk or milk derivatives, classified under item 184.75, subpart C, part 15, schedule 1:

Country of Origin	Quota Quantity (In pounds)
Ireland -----	12,060,000
United Kingdom-----	185,000
New Zealand-----	3,930,000
Australia -----	125,000
Other -----	None

950.18 Ice cream, as provided for in item 118.25 of part 4, subpart D, schedule 1:

Country of Origin	Quota Quantity (in gallons)
Belgium -----	243,650
New Zealand-----	155,680
Denmark -----	3,450
Netherlands -----	27,600
Jamaica -----	950
Other -----	None

(d) The figure in the quota quantity column opposite "Iceland" in item 950.10D is corrected to read "649,000".

2. Articles which were exported to the United States on a through bill of lading, or which were in bonded warehouse, but not entered, or withdrawn from warehouse, for consumption prior to the effective date of this proclamation, shall not be denied entry under the import restrictions herein proclaimed. Notwithstanding headnote 3(a)(i) of part 3 of the Appendix to the Tariff Schedules of the United States, import licenses shall not be required for the entry into the United States during the first six

months of the calendar year 1971 of articles subject to the quotas provided in items 950.10E and 950.16.

3. The provisions of this proclamation shall become effective upon publication in the Federal Register.

IN WITNESS WHEREOF, I hereunto set my hand this thirty-first day of December, in the year of our Lord nineteen hundred and seventy and of the Independence of the United States of America the one hundred and ninety-fifth.

RICHARD NIXON

[Filed with the Office of the Federal Register, 12:21 p.m., December 31, 1970]

## International Financial Institutions Bill

### *Statement by the President on Signing the Bill Into Law. December 31, 1970*

I am today signing H.R. 18306—the international financial institutions bill—although it only partially meets my recommendations.

I welcome that part of the bill which approves the \$1,540 million increase in the United States quota in the International Monetary Fund as part of a general increase in Fund quotas. This is a major step. The general quota increase will enable the Fund to meet its important responsibilities for providing adequate credit facilities to support expanding world trade and capital movements. Our own quota increase permits the United States to maintain its leadership role in the Fund, and also takes the first step towards enabling us to enjoy the full benefits of the Special Drawing Rights allocation to be made on January 1, 1971.

Similarly, I welcome the authorization for an increase in our World Bank capital subscription. The United States can now participate fully in making available to the Bank \$2 billion of subscriptions from other countries in addition to our own increase of \$246 million. The increase will maintain our relative voting position in the Bank. It will be of considerable help to the Bank in meeting its expanded program of assistance to the developing countries by expanding the base on which it can borrow in private capital markets around the world, and by adding a substantial amount of paid-in capital immediately available to the Bank.

Unfortunately, the legislative situation did not permit action on my request for \$100 million for the Special Funds of the Asian Development Bank. We must not allow further delay to be interpreted as lack of U.S. support for the Bank at a time when it is coming to play an essential role in encouraging peaceful development in Asia. This Bank, the result of an Asian initiative and managed primarily by Asians, is a major force for peaceful and cooperative development. Six countries have already contributed

to the Special Funds in anticipation of a United States contribution. Failure to act early in the next session of the Congress would be a serious setback to the Bank's ability to obtain funds from other donors and build a strong, long-range, concessional lending facility. Accordingly, I wish to stress that I will ask the 92d Congress to take prompt action to provide a United States contribution of \$100 million to the Bank's Special Funds.

With respect to the Inter-American Development Bank, H.R. 18306 meets my request to provide an expansion of over \$800 million in the United States subscription to the Bank's ordinary capital. This desirable step will greatly strengthen the Bank's capacity for conventional lending.

However, I regret that H.R. 18306 authorizes payment and appropriation of only \$100 million for replenishment of the resources of the Bank's Fund for Special Operations, an amount representing the first portion of a planned \$1 billion contribution over a 3-year period. The bill does authorize the U.S. Governor to vote in favor of a pending resolution of the Bank which contemplates that the full contribution will be available on schedule, and in accordance with the legislative action the U.S. Governor will cast his votes in favor of the resolution.

Further action by the Congress will be necessary to enable the United States to conclude the subscription procedure envisioned by the resolution, and I will urge the 92d Congress to take action to that end. Full U.S. implementation of this replenishment of the Fund for Special Operations will enable the Bank to continue and expand its role as the hemisphere's major instrument for promoting development financing.

As I indicated in my foreign aid reform message on September 15, international institutions can and should play a major role in the funding of development assistance. I have therefore proposed that the United States channel an increasing share of its development assistance through these institutions as rapidly as practicable. The institutions considered in H.R. 18306 are among the most important to this effort. I therefore welcome the authorizations contained in H.R. 18306, but regret its failure to fully meet my requests and urge that the 92d Congress take early action to do so.

NOTE: As enacted, the bill (H.R. 18306) is Public Law 91-599, approved December 30, 1970.

## Coal Mine Disaster in Kentucky

### *Statement by the President. December 31, 1970*

The coal mine explosion which struck yesterday in the mountains of Kentucky also struck at the hearts of all Americans. On their behalf, I extend our deepest sympathy to the families and friends of those who lost their lives in this tragic accident.

PUBLIC

INFORMATION



U.S. TARIFF COMMISSION

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20436  
PHONE: NA. 6-3947

For release  
October 6, 1970

TARIFF COMMISSION RELEASES REPORT TO THE PRESIDENT  
ON DAIRY PRODUCTS

The U.S. Tariff Commission today released its September 21, 1970, report to the President on the results of an investigation of certain dairy products under section 22 of the Agricultural Adjustment Act, as amended. The purpose of the investigation (No. 22-28) was to determine whether ice cream, certain chocolate and articles containing chocolate, certain animal feeds, and certain cheeses are being, or are practically certain to be, imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the U.S. Department of Agriculture's price-support programs for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat.

The Commission unanimously found material interference, or practical certainty of such interference, from imports of all the products named above and recommended import quotas of zero for ice cream, certain chocolate and articles containing chocolate, and certain animal feeds. With respect to certain cheeses, the Commission recommended an absolute quota of 30,000 pounds for the remainder of 1970 and an absolute quota of 100,000 pounds for each calendar year after 1970. The quotas they assigned to the various products are based on the patterns of trade during the calendar years 1963 through 1965, inclusive.

The Commission's report contains, in addition to the Commission's statement of the considerations on which its findings

and recommendations were based, information on the domestic dairy situation, Federal programs for dairy products, foreign trade, and support programs and export subsidies of foreign countries.

Copies of the report (T.C. Pub. 338) are available upon request as long as the limited supply lasts. Requests should be addressed to the Secretary, U.S. Tariff Commission, 8th and E Streets, N.W., Washington, D.C. 20436.

\* \* \* \* \*

FOR IMMEDIATE RELEASE

JANUARY 8, 1974

Office of the White House Press Secretary

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THE WHITE HOUSE

The Milk Support Price Decision

During the spring of 1971, Secretary of Agriculture Clifford Hardin announced that certain dairy products would be supported by the Federal Government at 80 percent of parity during the 1971-72 marketing season. Subsequently, under heavy pressure from the Congress to increase supports and after consultation with his senior advisers, the President reconsidered and requested the Secretary to raise the price support level for the coming year to 85 percent of parity.

Because the President also met with dairy leaders during this same period and because campaign contributions were given to his re-election effort during 1971, there have been charges in the media and elsewhere that the President's actions on price supports were the result of promises from the dairy industry to contribute to the 1972 Republican Presidential campaign. These allegations are unsupported by evidence and are totally false.

I. The Decisions of March, 1971

The decision announced each year by the Secretary of Agriculture of the price at which the Government will support milk prices has a significant impact on the Nation's dairy farmers. In 1970, Secretary Hardin had announced that for the marketing year running from April 1, 1970 through March 31, 1971, the Government would support manufacturing milk at \$4.66 per 100 pounds, or at 85 percent of parity. This figure represented an increase of 38 cents and an increase of 2 percent of the parity rate over the year before (1969-1970).

As the 1971-72 marketing season approached, the question within the Government was whether to continue supporting the milk price at \$4.66 per 100 pounds or to raise the price. Because a grain shortage and other factors had increased the costs of production for dairy farmers, a continuation of the \$4.66 price meant that the parity rate would actually fall to approximately 80 percent. To the farmers, a drop in parity rate would result in a possible loss of income which in turn could deter production. The farmers therefore advocated an increase in the price support to \$5.21 per 100 pounds, or 90 percent of parity; at the very least, they argued, the Government should raise the price to \$4.92 per 100 pounds and thereby maintain the current parity rate of 85 percent. At the Department of Agriculture, it was feared that such price increases might encourage excess production on the farms, raise the prices of dairy products for consumers, and ultimately force the Government to purchase the surplus products.

The dairy industry, which had become highly organized in the 1960s, moved to exert maximum, direct pressure on the Secretary of Agriculture in early 1971. In a few weeks, over 13,000 letters from milk producers were received by the Department of Agriculture.

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14.3 WHITE HOUSE "WHITE PAPER", THE MILK SUPPORT PRICE  
DECISION, JANUARY 8, 1974, 1, 9

memorandum that the President acknowledge AMPI's support. No suggestion was made that any commitment whatsoever be made to do any substantive act. There was also no mention of the asserted pledge during the meeting.

Another reference to fundraising was in a letter addressed to the President on December 16, 1970 from Patrick J. Hillings; a former Congressman who had succeeded Mr. Nixon in his Congressional seat after the latter had been elected to the Senate. At that time, Mr. Hillings was a member of a Washington, D.C. law firm that represented the dairymen in the Nation's Capital. In his letter, Mr. Hillings asked for the immediate imposition of revised dairy import quotas in accordance with recommendations recently presented to the President by the Tariff Commission. President Nixon did not see the letter.

Since the President had already been informed of the fundraising efforts by the dairy industry, the only possible relevance of the Hillings letter would lie in what action was taken on the Tariff Commission recommendations that Mr. Hillings asked the President to accept.

The fact is that the action taken by the President on import quotas was less favorable to the dairy industry than the steps recommended by the Tariff Commission. The Commission, a body of impartial experts, had recommended on economic grounds and pursuant to statutory requirements that imports be closed off entirely for three dairy products (ice cream, certain chocolate products, and animal feeds containing milk derivatives) and that much lower import quotas be set for a fourth item, low-fat cheese. Rather than closing off imports -- an action that would have been more favorable to the dairy industry -- the President instead reduced the import quotas on each item, permitting all four goods to continue their competition with American dairy products.

1971

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Contrary to allegations which have since been made, the meeting had been scheduled more than three weeks before the March 12 announcement on price supports by Secretary Hardin. As noted above, the meeting stemmed from an invitation first extended on September 4, 1970 when the President spoke by telephone to Harold Nelson of AMPI. In January of 1971, Secretary Hardin recommended to the White House that the meeting be placed on the President's schedule. Thereafter, in February, the White House arranged the March meeting.

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House Judiciary Committee staff

FOR IMMEDIATE RELEASE

JANUARY 5, 1971

FOR FURTHER INFORMATION CONTACT:

Arthur Moczygen  
Associated Milk Producers, Inc.  
4th Floor, GPM Life Building  
San Antonio, Texas 78216  
Area Code: 512 341-8651

ELKHORN, WISCONSIN--"The Nixon Administration is to be commended for taking decisive action to restore congressional intent and to prevent 'over-burdening' the domestic market for dairy products through evasions of import quota regulations," John Butterbrodt, Burnett, Wisconsin, said today.

"The President's December 31 proclamation establishing import quotas for four categories of dairy products has been the object of a lot of work by AMPI for many months," he said.

Butterbrodt, President of Associated Milk Producers, Inc., speaking to a dairy farmer meeting at Elkhorn, Wisconsin, said that dairy products designed to circumvent the Tariff Commission product definition and to circumvent congressional intent have reduced farm prices for milk and have increased Department of Agriculture purchases of dairy products under the price support program. "USDA purchases of butter, non-fat dry milk and cheese have been somewhat higher this past year than in 1969, and much of the increase has come about because of increased imports of the products that President Nixon specified in his proclamation," Butterbrodt stated. "Further action is needed to deal with lactose and cheese varieties priced higher than 47¢ per pound," he said, "and hopefully, the President will soon deal with those products."

"Without President Nixon's proclamation, American dairy farmers could not have hoped for market prices that would reflect rising production costs, and the damage to our domestic dairy industry would have been costly to consumers. Dairy Farmer numbers have been going down too rapidly," Butterbrodt said, and "President Nixon's decision is a step toward more stability in our market that will be remembered and appreciated by dairy farmers."

Indistinct document retyped by  
House Judiciary Committee staff

PERMANENT RELEASE

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Butterbrodt, President of Associated Milk Producers, Inc., speaking to a dairy farmer meeting in Elkhorn, Wisconsin, said that dairy products designed to circumvent the Tariff Commission product definition and to circumvent congressional intent have reduced farm prices for milk and have increased Department of Agriculture purchases of dairy products under the price support program. "USDA purchases of butter, non-fat dry milk and cheese have been somewhat higher this past year than in 1969, and much of the increase has come about because of increased imports of the products that President Nixon specified in his proclamation," Butterbrodt stated. "Further action is needed to deal with lactose and cheese varieties priced higher than 47¢ per pound," he said, "and hopefully, the President will soon deal with those products."

"Without President Nixon's proclamation, American dairy farmers could not have hoped for market prices that would reflect rising production costs, and the damage to our domestic dairy industry would have been costly to consumers. Dairy Farmer numbers have been going down too rapidly," Butterbrodt said, and "President Nixon's decision is a step toward more stability in our market that will be remembered and appreciated by dairy farmers."

15. In January 1971 AMPI began making payments of \$2,500 per month to the Washington, D.C. public relations firm of Wagner & Baroody. The January 1971 payments totaled \$10,000 and were in response to statements from Wagner & Baroody dated December 31, 1970 for counseling and public relations services in October, November and December of 1970 and January 1971. AMPI General Manager Nelson has testified that Wagner & Baroody was retained by AMPI after repeated requested by Colson to AMPI lawyer Harrison; that shortly prior to AMPI's agreeing to retain Wagner & Baroody, AMPI and Harrison had refused to retain the firm; that AMPI decided it had better hire the firm because Colson had requested it and because AMPI was afraid that it would lose favor or its efforts would be impeded if it did not; that AMPI considered the payments to Wagner & Baroody in the nature of contributions; and that Nelson was unaware of any activities undertaken by Wagner & Baroody on behalf of AMPI and knew of no AMPI employee who had ever met with or talked to anybody from the firm. The AMPI monthly payments to Wagner & Baroody continued from January 1971 through January 1972.

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15.1 AMPI checks and invoices for Wagner & Baroody and attached Wagner & Baroody bills, December 1970 through January 1972 (received from SSC). . . . .	274
15.2 Harold Nelson testimony, SSC Executive Session, December 19, 1973, 121-30. . . . .	282
15.3 David Parr testimony, SSC Executive Session, December 21, 1973, 242-43. . . . .	292
15.4 Joseph Baroody affidavit submitted to SSC, January 30, 1974 (received from SSC). . . . .	294
15.5 Marion Harrison testimony, SSC Executive Session, December 4, 1973, 81. . . . .	298

15.1 WAGNER AND BAROODY BILLS, AND AMPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972

NOTE: MONTHLY STATEMENTS FOR COUNSELING AND PUBLIC RELATIONS SERVICES FROM WAGNER & BAROODY  
TO AMPI AND AMPI CHECKS FOR \$2,500.00 TO WAGNER & BAROODY FOR MARCH 1971 THROUGH  
DECEMBER 1971 ARE ON FILE IN IMPEACHMENT INQUIRY LIBRARY.

15.1 WAGNER AND BAROODY BILLS. AND AMPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972

December 11, 1971

(276)

15.1 WAGNER AND BAROODY BILLS, AND AMPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972

15.1 WAGNER AND BAROODY BILLS, AND AMPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972

WAGNER AND BAROODY BILLS, INC.  
P.O. BOX 57287  
SAN ANTONIO, TEXAS 78216

NY 6571 1971

February 10, 1971

Professional Services - February 1971

ASSOCIATED MILK PRODUCERS, INC.

ASSOCIATED MILK PRODUCERS, INC.  
P.O. BOX 57287  
SAN ANTONIO, TEXAS 78216

JOURNAL BANK  
P.O. BOX 57287

ATTACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

DATE	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
2-10-71	Professional Services - February 1971	6-750-00		2,500.00

15.1 WAGNER AND BAROODY BILLS, AND AMPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972

WAGNER AND BAROODY  
1101 SEVENTEENTH STREET, NORTHWEST  
WASHINGTON, D.C. 20036

February 1, 1971

Associated Milk Producers, Inc.  
GPM Building  
Fourth Floor  
San Antonio, Texas 78216

STATEMENT

For counseling and public relations services for  
February, 1971.

\$ 2,500.00

*OK*

RECEIVED

15.1 WAGNER AND BAROODY BILLS, AND AMPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972

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**15.1 WAGNER AND BAROODY BILLS, AND ANPI CHECKS AND  
INVOICES, DECEMBER 1970-JANUARY 1972**

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Counseling and public relations service for  
1972.

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Mr. Nelson. I don't believe so. It could have been.

Mr. Weitz. What does Wagner and Baroody do?

What type of firm is it?

Mr. Nelson. I think it is -- I am under the impression  
that it is a public relations firm.

Mr. Weitz. You are under the impression?

You do not know yourself?

Mr. Nelson. I have no experience with them at all.

Mr. Weitz. You said that it was an employee of AMPI, and  
as general manager you have responsibility for hiring and firing  
employees, consultants and so forth.

Did you hire Wagner and Baroody?

Mr. Nelson. Yes sir.

Mr. Weitz. Did you talk with them?

Mr. Nelson. No, sir.

Mr. Weitz. Who recommended that you hire them?

Mr. Nelson. It was recommended -- I will tell you frankly  
I have no independent recollection of this, but I talked to  
Marion Harrison, and he did not have any independent recollec-  
tion of it until he talked to some attorney, he told me, who  
said, and refreshed his memory on it, and then he talked to me  
about it, that it was recommended that Wagner and Baroody be  
employed by AMPI as a public relations representative in Washing-  
ton because we needed someone, and the recommendation was made  
by Mr. Colson.

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Mr. Weitz. To Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. And Mr. Harrison told you of Mr. Colson's recommendation.

Mr. Nelson. Yes.

And Mr. Harrison and I discussed it and said, well, you know, what are they going to do for us, and did not do any thing about it.

Mr. Weitz. You did not do anything about it?

Mr. Nelson. That is right.

Mr. Weitz. You did not hire them?

Mr. Nelson. Not then.

Mr. Weitz. When was this recommendation?

Mr. Nelson. I cannot tell you. I cannot tell you when we had this.

Mr. Weitz. Let me tell you this. If the records of AMPI showing billings from Wagner and Baroody covering the period beginning in October of 1970, does that refresh your recollection as to when they were first hired?

Mr. Nelson. I would say shortly before that.

Mr. Weitz. Does that refresh your recollection as to how much before that time you had this discussion with Mr. Harrison?

Mr. Nelson. No.

Mr. Weitz. Sometime that year?

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Mr. Nelson. Oh, yes. It would have been reasonably close to that.

Mr. Weitz. Would it have been in the time in 1970 that you were also meeting with Mr. Colson from time to time?

Mr. Nelson. Sure, I'm sure it was.

Mr. Weitz. You never talked to him directly about Wagner and Baroody?

Mr. Nelson. I do not believe so.

Mr. Weitz. Did you talk to him in general about public relations firms or the need for public relations firms by AMPI?

Mr. Nelson. No, I think all this was handled by him talking to Mr. Harrison.

Mr. Weitz. Why didn't you follow his recommendation at the outset when it was first made to you?

Mr. Nelson. We did not see what they were going to do for us.

Mr. Weitz. Did Mr. Colson or Mr. Harrison indicate how much they thought Wagner and Baroody should be paid or would ask for their services?

Mr. Nelson. As I recall, it was \$25,000.

Mr. Weitz. \$25,000 a year?

Mr. Nelson. I think that is what it was. I might be wrong, but that is the figure that kind of sticks in my mind.

Mr. Weitz. Was it ever indicated to you that Mr. Colson

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wanted you to hire them because they were friends of his or he had some other projects for them?

Mr. Nelson. No it was not. It was just suggested that we hire them.

Mr. Weitz. Did they make any other suggestions with respect to hiring firms or consulting firms or [sic] any sort?

Mr. Nelson. Not that I recall.

Mr. Weitz. This was the only recommendation that Mr. Colson ever made through Mr. Harrison to you?

Mr. Nelson. (Nods in the affirmative.)

Mr. Weitz. This is the only recommendation that anyone made to you about hiring firms?

Mr. Nelson. As far as I know.

Mr. Weitz. At a later time did Mr. Harrison ask you again about hiring firms?

Mr. Nelson. Well, at a later time, yes. Mr. Colson --

Mr. Weitz. Insisted?

Mr. Nelson. Well, let's say -- that might be a strong way to put it, but urged. Repeated the request is a better way.

Mr. Weitz. Again to Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. Mr. Harrison again relayed that to you?

Mr. Nelson. And we decided that we had better do it.

Mr. Weitz. Why?

Mr. Nelson. Well, because it had been suggested by Mr.

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Colson was the only reason.

Mr. Weitz. Did you feel if you did not hire the firm at Mr. Colson's repeated request that you somehow might lose some favor or it might impede your efforts with Mr. Colson?

Mr. Nelson. Yes.

Mr. Weitz. Was there anything stronger to it than that?

Mr. Nelson. No.

Mr. Weitz. Did you then contact the Wagner firm?

Mr. Nelson. I do not believe I did.

Mr. Weitz. You said you never talked to them?

Mr. Nelson. I don't believe I've ever talked to them.

Mr. Weitz. Either Mr. Wagner or Mr. Baroody?

Mr. Nelson. If I have, I draw a total blank on that.

Mr. Weitz. Who hired them?

Who talked to them?

Mr. Nelson. I assume Mr. Harrison did. I have not asked him that, but I assume that's the way it was done.

Mr. Weitz. Did he indicate that he knew the firm or any of the gentlemen in the firm?

Mr. Nelson. I believe -- I don't think -- Mr. Harrison?

Mr. Weitz. Yes.

Mr. Nelson. I believe Mr. Harrison indicated that he did not know them. Mr. Harrison was not urging that this be done until the second --

Mr. Weitz. Until the second message?

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Mr. Nelson. Then after the second time --

Mr. Weitz. He advised you to do so?

Mr. Nelson. Yes. Well, yes, that's right.

Mr. Weitz. At the second conversation, was it explained to you or did you discuss what the firm would do for their fee?

Mr. Nelson. No.

Mr. Weitz. And to your knowledge they were hired for AMPI?

Mr. Nelson. Yes. We paid them. I know that.

Mr. Weitz. And if the billings for AMPI indicate a fee from October '70 through January 1972 of \$2500 a month, is that consistent with your recollection?

Mr. Nelson. Let's see, that would be --

Mr. Weitz. That would be \$30,000 a year.

Mr. Nelson. That's close enough.

Mr. Weitz. To your knowledge, did any employee at AMPI ever meet with or talk to anybody from the Wagner and Baroody firm?

Mr. Nelson. Not to my knowledge.

Mr. Weitz. What did they do for their fee?

(No response)

Mr. Weitz. Nothing to your knowledge?

Mr. Nelson. I have said that repeatedly, nothing that I know of.

Mr. Weitz. Do you know whether they did anything for Mr.

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Colson?

Mr. Nelson. No, I do not.

Mr. Weitz. Do you know whether they did anything for Mr.

Harriaon?

Mr. Nelson. I do not know that they did.

Mr. Weitz. Did you consider this in the nature of a contribution or gift of the firm to keep the favor of Mr. Colson?

Mr. Nelson. Well, I guess contribution is a better word.

Mr. Weitz. Did this have anything, to your knowledge, to do with the special projects referred to in the Hillings letter?

Mr. Nelson. I don't think, so at all.

Mr. Weitz. Not to your knowledge?

Mr. Nelson. No.

Mr. Weitz. Was the firm of Wagner and Baroody or any of their principals ever mentioned to you in connection with the contribution? you [sic] have talked about the \$5,000 contribution that was made at Mr. Harrison's request.

Mr. Nelson. No.

Mr. Weitz. Did you know whether Mr. Colson had made that request, by the way, or was this just another request from Mr. Harrison?

Mr. Nelson. It was just another request. To my recollection, it was just another request. I have no independent recollection of it.

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Mr. Weitz. Mr. Colson's name was never recommended in  
that connection?

Mr. Nelson. No.

Mr. Weitz. Did Mr. Colson to your knowledge ever make any  
recommendation to you or to anyone representing AMPI about political  
contributions?

Mr. Nelson. I think he did. I can not tell you which ones  
or what I think he did -- maybe to Mr. Harrison, suggested some  
committees or something.

Mr. Weitz. Committees or candidates?

Mr. Nelson. Maybe candidates.

Mr. Weitz. Was this in connection with the 1970 senatorial  
campaign?

Mr. Nelson. I am not sure about that, but I believe he  
did.

Mr. Weitz. Were you not present at that meeting in his  
office in the White House?

Mr. Nelson. What meeting?

Mr. Weitz. Mr. Colson and Mr. Harrison, where Mr. Colson  
made particular suggestions about particular contributions.

Mr. Nelson. That's what I'm saying. I think he did. I  
cannot tell you what candidates and so forth.

Mr. Weitz. But other than that, were there any other in-  
stances in which you were aware that Mr. Colson made recommenda-  
tions for political contributions to either you, Mr. Harrison,

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or anyone else at AMPI?

Mr. Nelson. I assume that he had a lot to do with the getting of these committees.

Mr. Weitz. The committees in 1971 for the president?

Mr. Nelson. (Nods in the affirmative.)

Mr. Weitz. Has Mr. Harrison ever told you what was done with that \$5,000 contribution?

Mr. Nelson. He has told me what he has been told and what he has been asked about it, yes.

Mr. Weitz. Did he tell you what he did?

Mr. Nelson. Yes, he told me what he had done.

Mr. Weitz. What did he do with the contribution?

Mr. Nelson. I may even remember what he told me wrong, but it seems to me that he took it to George Webster's office, or whatever Webster's first name is.

Mr. Weitz. Did he mention the relationship to Wagner and Baroody of that contribution?

Mr. Nelson. No.

Mr. Weitz. Or to Mr. Colson?

Mr. Nelson. Well, that was in the newspapers.

Mr. Weitz. But other than what you've read in the newspapers?

Mr. Nelson. No, he told me how he took the check to George Webster.

Mr. Weitz. Off the record.

(Discussion off the record.)

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Mr. Weitz. Let's recess for lunch.

(Whereupon at 12:46 o'clock p.m., the Committee recessed,  
to be reconvened at 1:30 o'clock p.m. the same day.)

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Mr. Weitz. Was there any connection, to your knowledge, between the contributions in September of 1971, and the appearance of the President at the annual convention?

Mr. Parr. Not that I know.

Mr. Weitz. At the same time, however, you really have to -- you stated you have no understanding or information as to the background of that \$62,500 contribution?

Mr. Parr. I do not remember any September contribution.

Mr. Weitz. So therefore, the fact that you knew of no connection between the two does not surprise you if there is any connection?

Mr. Parr. I cannot imagine that there is any connection, but --

Mr. Weitz. Do you know the firm of Wagner and Baroody?

Mr. Parr. No, sir.

Mr. Weitz. Were they ever retained or employed by AMPI?

Mr. Parr. I do not know anything about Wagner and Baroody.

Mr. Weitz. Were you generally familiar with the public relations firms in Washington that were hired by AMPI, at least to the extent that you knew which public relations firms they had hired?

Mr. Parr. I do not know that we had any.

Mr. Weitz. You did not know of any public relations firms they had hired?

Mr. Parr. Well, Mr. Van Dyk -- they were not public

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relations.

Mr. Weitz. Consultants of sorts?

Mr. Parr. Yes, sir. I do not know of any; maybe there were some, but I do not know of them. I have never heard of Wagner and Baroody.

Mr. Weitz. Do you recall any instance in which Mr. Harrison or Mr. Colson mentioned either a Mr. Baroody, or the firm of Wagner and Baroody?

Mr. Parr. No, sir.

Mr. Weitz. Are you familiar with a \$5,000 contribution, or a request for some additional contribution in late August, 1971 or early September, 1971 by Mr. Harrison from TAPE?

Mr. Parr. No, sir.

Mr. Weitz. Were you aware whether at the annual convention in 1971 anyone delivered a check to Mr. Harrison for a political contribution?

Mr. Parr. The first time I ever heard about that, Mr. Weitz, was in the newspaper.

Mr. Weitz. Did most of Mr. Harrison's requests go through someone other than yourself?

Mr. Parr. He had access to all of us.

Mr. Weitz. Were you aware at all of any discussions after the September contribution, that I have asked you about in 1971, concerning the adverse publicity relating to those contributions, those and earlier contributions?

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AFFIDAVIT OF JOSEPH BAROODY

I, JOSEPH BAROODY, being duly sworn, hereby depose and say:

Since 1970 I have been employed in the public affairs consulting firm of Wagner and Baroody, 1100 Seventeenth Street, N.W., Suite 712, Washington, D.C. The consulting services which my firm renders consist of representing clients affected by Federal Government actions.

From October, 1970, to January 1972, my firm was retained for consulting services by the Associated Milk Producers, Incorporated for a fee of \$2,500 per month. This consulting relationship was initiated with the assistance of the law firm of Reeves and Harrison of Washington, D.C., of which Marion Harrison, Esq. is a partner. I have met Mr. Marion Harrison on two or three occasions. Mr. Charles Colson, former special assistant to the President of the United States, was aware that my firm represented AMPI. It was my understanding that my firm was expected to look for ways in which we could advance the interests of AMPI. At no time, however, was I - or was any other person in my firm - connected in any way with, or aware of, any discussions between representatives of AMPI and the Administration concerning either milk price supports or possible contributions to the 1972 Presidential Campaign Fund.

DF

-2-

I have been personally acquainted with Mr. Charles Colson for several years. In the latter part of August or the first part of September, 1971, Mr. Colson telephoned me and told me that the White House had an urgent need for \$5,000 and he asked me to lend him this amount for a short period of time. He did not tell me why the money was needed. I gathered this sum together from my personal funds (\$1,500 to \$2,000) and from funds (\$3,000 to \$3,500) which had previously been given to me by Mr. Colson's office to use in preparing television responses to a Common Cause statement on ending the war in Southeast Asia. The next day I put \$5,000 in an unmarked envelope and took it to Mr. Colson's office in the Executive Office Building. Mr. Colson told me to take the money to an office and give it to a person whom I would find there. I went to the office I had been told to go to and gave the money to a man whom I did not know but whom I now believe to have been Egil Krogh, Jr.

Two or three weeks afterwards, I received another telephone call from Mr. Colson's office. I was told that I could be repaid by going to Mr. George Webster, Esq., an attorney whose office was on Jefferson Place, N.W., in Washington, D.C. At the time I was wholly unaware that Mr. Webster was engaged in fund raising activities in connection with the President's re-election effort. Soon after receiving the call, I went to Mr. Webster's

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office. He was not in. I identified myself to a receptionist who went to a nearby desk, opened a drawer and pulled out an unmarked envelope which she handed to me. The envelope contained \$5,000 in cash.

In June of 1972, Mr. Colson called me on the telephone and told me that it appeared that the \$5,000 might have been used to finance the September 1971 break-in of the offices of Dr. Lewis Fielding, the psychiatrist of Dr. Daniel Ellsberg. The purpose of Mr. Colson's call was to establish the date of the loan so as to determine whether, in fact, the funds could have been used for that purpose.

In the Spring of 1972 I received \$22,000 from Mr. Colson's office to place advertisements in several major newspapers throughout the United States supporting President Nixon's military directives in entering the country of Cambodia. Subsequently, the advertising project was suspended and this money was returned by me to Mr. Colson's office. Thereafter, it was decided that the advertisements would be placed on a smaller scale and I was given approximately \$6,800 with which to defray the costs of the reduced program.

The instances referred to previously herein are the only ones in which I have received White House funds.

From August of 1971 to the Spring of 1972, I worked with

DR

-4-

a committee called "Citizens for a New Prosperity". Its function was to place advertisements and hold press conferences to build support for the economic policies embodied in the Economic Stabilization Act and Phases I and II. The Committee was bipartisan; its two principal officers were Hobart Lewis and former Treasury Secretary Fowler.

DATE: Jan 30, 1974 SIGNATURE Joseph Barody

Subscribed and sworn to before me this 30<sup>th</sup> day of January, 1974.

*My Commission expires*

DATE: Sept. 14, 1976 Lida K. Zerrill  
Notary Public

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Mr. Harrison. There was not any deadline.

Yes, that statement is inaccurate. I was not concerned about any deadline. There wasn't any deadline we were talking about back in 1971, not in 1972.

Mr. Weitz. I just have a few more questions.

Do you know who else in the White House was aware in 1971 besides perhaps Mr. Colson of contributions that were contemplated or were in fact made by the dairy trusts to the President's re-election?

Mr. Harrison. No, nor do I know as a fact that Mr. Colson was aware. I was rather surmising that he was. I do not know it as a fact.

Mr. Weitz. Do you know a Mr. Berutti, [sic], Joe Berutti? [sic]

Mr. Harrison. There are several Berutti [sic] brothers. There is one of them that used to be some kind of an assistant to Melvin Laird when Melvin Laird was at the Pentagon, and now is assistant to him at the White House. I met him one day at the White House three or four or five months ago.

Mr. Weitz. Do you know a Berutti [sic] who I believe is in private business in Washington, the consulting business in the name of the firm of Wagner and Berutti? [sic]

Mr. Harrison. I do not think I know that one. Conceivably, I could have met him at a cocktail party. I do not even think I have done that.

Mr. Weitz. Do you have any questions?

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16. Prior to February 1971 Haldeman directed Kalmbach to begin raising early money for the 1972 Presidential campaign. In early February 1971 Haldeman gave Colson permission to proceed with finding an outside man for handling funds from certain groups that Kalmbach did not want to be involved with. In a February 2, 1971 memorandum Haldeman told Colson to contact Republic National Committee Chairman Bob Dole regarding complaints that the milk producers were unable to work out a means of getting their activity going regarding their support. On February 8, 1971 Colson sent a memorandum to Haldeman saying that the problem involved a person who could handle outside support, that Haldeman and Kalmbach had been working on the problem, and that it was terribly important that Colson and people at the White House not be personally involved. In or before March 1971 Kalmbach, with Haldeman's approval, began to assist in the establishment of the Finance Committee to Re-Elect the President.

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16.1 Herbert Kalmbach deposition, <u>Nader v. Butz</u> , December 13, 1973, 4. ....	300
16.2 Memorandum from Charles Colson to H. R. Haldeman, February 1, 1971 (received from White House). ....	301
16.3 Memorandum from H. R. Haldeman to Charles Colson, February 2, 1971 (received from White House). ....	302
16.4 Memorandum from Charles Colson to H. R. Haldeman, February 8, 1971 (received from White House). ....	303
16.5 Letter from Herbert Kalmbach to Earl Silbert, June 1, 1973 (received from SSC). ....	304

A None whatsoever.

Q Okay. Mr. Kalmbach, when did you first have any activities in connection with the 1972 Presidential campaign?

(Discussion off the record.)

BY MR. DOBROVIR:

Q Did you have any responsibility for fund raising for the 1972 Presidential campaign of Richard Nixon?

A I did.

Q And could you tell us how you came to have that responsibility--who conferred that responsibility on you, if that is the way it happened.

A That responsibility was conferred on me, Mr. Dobrovir, on or about the first of January of 1971 by Mr. Haldeman.

Q What was Mr. Haldeman's role in this matter?

A He had no role as such. He asked me to undertake the assignment of obtaining pledges for financial support to the forthcoming 1972 campaign.

Q And in making that request of you, was he speaking for the President?

A He did not so state.

Q Did you assume that he was speaking for the President?

A I made no assumptions.

7-1-300

THE WHITE HOUSE

WASHINGTON

11/11/71

EYES ONLY

February 1, 1971

MEMORANDUM FOR: H. R. HALDEMAN  
FROM: CHARLES COLSON *cc*  
SUBJECT: Outside fund handling

001760

Herb Kalmbach tells me that he and you did not resolve the question of who should be the outside man handling funds from certain groups -- the area that Kalmbach does not want to be involved in.

I have some ideas of people that might do this for us; in fact, I have a very good man who would fill the bill provided a lawyer like Tom Evans could work with him on setting up the mechanics.

Please advise if you would like me to proceed with this or if you have other thoughts.

*Proceed away*

*[Signature]*

*Bob Bennett*

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 2, 1971

WH

CONFIDENTIAL

MEMORANDUM FOR: CHUCK COLSON

FROM: H. R. HALDEMAN 

Bob Dole sent me a note at the Cabinet meeting regarding the milk producers and apparently he is being pressured by them. They have told him that they are unable to work out a means of getting their activity going regarding their support for us. Would you please get in touch with Dole and follow up on this?

001767

WH

February 8, 1971

MEMORANDUM FOR:

H.R. HALDEMAN

FROM:

CHARLES W. COLSON

SUBJECT:

Your Memo of February 2

The note which Bob Dole gave you at the Cabinet meeting is the same problem I discussed with you in your office a few weeks ago.

We don't have anyone who can handle support for us from outside interest groups like the Milk Producers. Kalmbach tells me that you and he did not reach an agreement on this. I feel that it is terribly important that I not be personally involved (no one here should be).

001766

I do have a man locally who might take this assignment on with help from Tom Evans in New York. I am exploring it this week and if it works I will advise you; otherwise we perhaps should rethink the question of using Kalmbach in this area.

16.5 HERBERT KALMBACH LETTER, JUNE 1, 1973

LAW OFFICES  
KALMBACH, DeMARCO, KNAPP & CHILLINGWORTH

SUITE 900 • NEWPORT FINANCIAL PLAZA / 550 NEWPORT CENTER DRIVE  
NEWPORT BEACH, CALIFORNIA 92660  
TELEPHONE (714) 644-4111

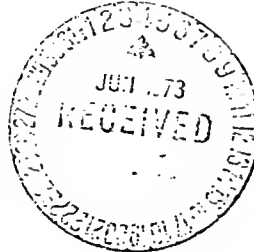
June 1, 1973

HERBERT KALMBACH  
FRANK DeMARCO  
SHERWOOD CHILLINGWORTH  
HAROLD KNAPP  
ALEXANDER H. F.  
RICHARDSON  
ROBERT H. KNAPP  
RICHARD J. CHILLINGWORTH  
THOMAS D. CHILLINGWORTH  
ALAN R. HODGINS  
LARRY B. HODGINS  
TERRY L. HODGINS  
DAVID C. HODGINS  
ERIC W. HODGINS  
RALPH J. HODGINS  
DAVID PATTERSON SMITH  
WESTON L. SMITH  
BRUCE E. HARRINGTON  
A. DWAIN WHITE  
ROBERT H. FORWARD, JR.  
RICHARD S. CROCKETT  
J. SCOTT JACKSON  
HOWARD S. SLUSHER  
THOMAS J. BARRACK, JR.

DR

LOS ANGELES OFFICE  
ATLANTIC RICHFIELD PLAZA  
44TH FLOOR NORTH TOWER  
515 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 9007  
TELEPHONE (213) 690-2311

OF COUNSEL  
JAMES P. KNAPP  
WILLIAM R. MILLER



Earl J. Silbert, Esq.  
Assistant U. S. Attorney  
U. S. Court House - Third Floor  
Constitution Avenue  
Between 9th and 10th Streets, N.W.  
Washington, D. C.

Dear Mr. Silbert:

For your information and for the file, I thought it might be helpful to your office in its investigation if I were to set out in writing a chronological narrative of what I have been involved in over the past few years (dating from December of 1968). I'll attempt to do that in this letter.

First, in either December of 1968 or in January or February of 1969 (after I had given Maury Stans a final turn-down on an offer that had been made to me to come to Washington as Undersecretary of Commerce), I met with Maury alone in his office at the 1968 Campaign Finance Committee Headquarters at 400 Park Avenue in New York, and at that time he asked me if I would agree to act as trustee for certain surplus funds that he said were left over from the 1968 campaign.

Maury told me that such surplus amount consisted of approximately \$1,098,000 in cash (which he said was surplus left over from the Primary period of the 1968 campaign -- he did not elaborate beyond that statement as to the source of the funds, nor, indeed have I ever learned of the original source of such funds). He said that W. Donald Brewer and J. Patrick Dugan, both of whom had been involved in the 1968 finance effort, either had taken or were about to take approximately \$733,000 of such funds to Washington for deposit in a safe deposit box in the Main Office of the Riggs Bank. Another \$365,000 would be deposited in the 410 Park Avenue branch of the Chase Bank in New York City.

Earl J. Silbert, Esq.  
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I told Maury that I would agree to act at trustee for these funds and that when I was next in Washington I would sign onto the box with Brewer and Dugan. I did so. My recollection as of this moment is not precise as to whether I was present when the box was opened or signed on a few days or about a week later -- my best memory is that I signed on after the box had been formally opened. Later, when both Brewer and Dugan went into the Government (Brewer as a member of the ICC and Dugan as Treasurer of the Export-Import Bank) -- Thomas W. Evans (managing partner of the Mudge, Rose firm in New York) and Francis M. Raine, Jr. (a real estate broker in Southern California) were substituted onto the box in the stead of Brewer and Dugan.

My records indicate that on April 4, 1969, Tom Evans and I opened the Chase box; and my recollection is that France was added as an additional signatory at a later date. We put \$365,000 into the box when it was opened.

In addition to the \$733,000 at the Riggs and the \$365,000 at the Chase (\$1,098,000 total cash), an additional \$570,000 (\$570,780.25 to be precise) was obtained (\$500,000 from surplus funds received from other states, \$50,000 from a contributor, and \$20,000 representing the surplus left over from the transition budget). The total amount was placed in a checking account under the name of The Public Institute, a voluntary association created under the laws of New York, at the National Bank of North America in New York City. Signatories on this checking account included Evans, Raine, and myself. This \$570,000 amount stayed in the North America account until early in February of 1972 at which time I directed Evans and Raine to disburse the entire balance amount to the Nixon Finance Committee at 1701 Pennsylvania Avenue in Washington (checks were written on the account and were directed to committees in Washington -- such checks being in multiples of \$30,000 per check for the reason that that was all of the committees that were in existence at the time). Thus, to sum up as to the \$570,000, a checking account was opened early in 1969 and there was no action in the account whatsoever until February of 1972 when the entire balance was disbursed to Nixon campaign finance committees in Washington.

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As for the cash in the Riggs and in the Chase, I began making disbursements almost immediately. It was made clear to me at the outset by Maury that I was not to disburse any of the funds under my control without the express direction of Bob Haldeman. Later, when I met with Bob in his office at the White House or talked with him on the telephone, it was confirmed that I was only to disburse from such trust on his direction or on the direction of someone who was clearly standing in his shoes (Higby, Strachan, Chapin, etc.).

On June 10, 1969, I began paying polling bills (which polls had been ordered by the White House -- out of Bob Haldeman's office). As I recall it, Larry Higby was the person with whom I usually dealt in polling matters -- most of the polls being ordered through David R. Derge, who had a firm named Behavioral Research Associates in Bloomington, Indiana. Later, as I recall it, Derge moved to New Jersey and I recall the name "Chilton" in his statements (which name could have been present in the bills that he rendered when he was in Indiana). To the best of my recollection I probably paid out from trustee funds under my control between \$300,000 and \$400,000 for polling between June of 1969 and January of 1972.

Sometime around the middle of 1969, I began making disbursements to an Anthony T. Ulasewicz. As I recall it, Bob Haldeman, or one of his deputies had directed me to see Tom Caulfield (who was in the White House and whom I had known casually theretofore) and was told that Caulfield would arrange for me to meet Ulasewicz and that I was to make arrangements whereby I would begin paying him compensation at the rate of \$22,000 per year plus all of his expenses out of funds under my control. When I got back to California I asked my then secretary, (Mrs.) Marilyn Parent, to order printed checks from the Security-Pacific Bank branch in our Newport Beach office building and to open an account for the purpose of disbursing compensation and expenses to Ulasewicz. I began paying Ulasewicz around July 1st of 1969 and he was terminated on or about October 1st of 1971 at the direction of Haldeman, Chilton or one of the deputies. At no time during this period of employment from July, 1969, to October, 1971, was I ever aware or was I ever made aware of the nature and character of the in-

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DR

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Early in 1970, I was asked by Haldeman (perhaps Ehrlichman as well) to undertake a program to raise funds for certain senatorial races. I recall having a goal figure of \$2,000,000, and that approximately \$2,800,000 was actually raised in that program which was under the over-all direction of Haldeman. Jack A. Gleason handled the administrative side of this effort in constant liaison with Harry Dent in the White House.

In about November of 1970 (immediately after the off-year elections), I was asked to begin an intensive program to raise early money for the forthcoming 1972 presidential campaign. In that connection, I agreed to talk to several hundred top prospects on a person-to-person basis and I was well into the program before the end of 1970.

Also, I agreed to lend a hand in setting up the initial staff for the finance office that was to be housed in Suite 272 of the 1701 Pennsylvania building in Washington. I recruited Hugh Sloan out of the White House (with Bob Haldeman's approval) and my recollection is that he started work as the finance chief of staff around the middle of March, 1971. Also, as I remember it, I advanced \$25,000 to Sloan and Harry Flemming as "seed money" for the Committee's operations in March of 1971. Later, this was returned to me together with other advances that I had made during this period. This total advance of approximately \$38,000 and the later reimbursal of the same amount (which I deposited in my accounts) occurred in early and in mid-1971, as I recall it.

Either in late August or early September of 1971 Dwight Chapin called me at my office in Newport Beach and told me that he had something to talk to me about and asked that I make it a point to see him the next time I was in the White House. I agreed and did in fact see him in his office in the West Wing of the White House about a week later. At that meeting Dwight told me that when he was at USC in the early 60's he had known a Donald H. Segretti and that Segretti had gone on to law school, had become a member of the California Bar, and had then gone into the Army. At the time I met Dwight, Segretti was a Captain and, as I remember it, was stationed at Fort Ord in Northern California.

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and assigned to the Judge Advocate General's Office. Dwight told me that "they" wanted Segretti to do some political work for an undisclosed period and asked that I disburse funds to Segretti as compensation for such work and, also, to disburse whatever other monies that he requested to cover his expenses. I said that I would meet Segretti in California and agreed, when Dwight asked me, to work out a mutually satisfactory compensation arrangement with him. A compensation rate of \$16,000 per annum was agreed upon with Segretti and it was settled that I would begin making disbursements to him on or about October 1st. It was at all times clearly understood that Segretti was not to report to me about his activities nor was he to account to me for his expenses. I, of course, reported this understanding to Chapin.

I thereafter asked my secretary to open a special checking account at the Security-Pacific Bank branch in Newport Beach. As I remember it, the first two checks that were given to Segretti were mailed to him in late September (one for two weeks' compensation at the \$16,000 per annum rate and the other for \$5,000 representing an advance for expenses). We disbursed checks in this fashion over the next few months (with one additional \$5,000 expense check being written and the rest being compensation checks) until January when I was directed to terminate Segretti -- by Dwight Chapin or another one of Haldeman's deputies. At about that time I disbursed either \$20,000 or \$25,000 in cash to him (as he had requested) representing payment in full for what I understood to be his expenses to date. At no time did I understand what Segretti's responsibilities were in the campaign. He did not report to me -- nor did he account to me for his expenses in any way.

A meeting took place in early January of 1972 at which Haldeman, Ehrlichman, Stans and I were present. Stans was persuaded to resign from his post as Secretary of Commerce and to assume the responsibilities of Finance Chairman for the forthcoming Presidential campaign. Thereafter, I disbursed to the campaign finance committee all of the remaining funds. To recap, in early February I caused a total of \$232,882.86 in cash and \$611,116.02 in checks to be delivered to Hugh Sloan as Treasurer of the Campaign Finance Committee in Washington. ~~After that point I no longer had any direct contact with the campaign.~~

KALMBACH, HERBERT, 1924-1973, CHILLINGWORTH

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Following the turning over of all of my balances to Hugh Sloan in early February, I personally prepared an eight or nine page accounting covering in precise detail the manner in which I had received and disbursed funds throughout the period of my trusteeship. I rendered that accounting to Maury some time in February or March, and asked that I be formally discharged from my trusteeship. I was so discharged.

At about the same time that I rendered my accounting I submitted detailed lists of the people I had seen over the past year or more and the precise figures as to amounts contributed and the current status of the outstanding and unpaid pledges (the report was broken down to show those people who had paid their pledges in full, a sheet showing those who had partially met their pledges, and another sheet that showed a number of people who had made pledges on which nothing had been received). These records were given to Maury Stans as the Finance Chairman. After all of these "base records" had been submitted and accepted by the finance office -- I directed my secretary to destroy all of my personal supporting records. This was done out of an abundance of caution to protect the donors. As I understood it at that time there was no law requiring me to maintain such personal and supporting records.

During the period from February of 1972 to April 7, 1972, I was directed from time to time by Harce-man or Mitchell or one of their deputies to obtain funds from Hugh Sloan which I would pass on to designated individuals for what I always understood was for campaign activities. For example, I recall, disbursing \$50,000 to an unnamed individual at the Mayflower Hotel (France Raine made the payment), disbursing \$50,000 to Maury as an advance on expenses, \$50,000 to John Caulfield, relatively small amounts to Bart Porter, etc. *3-3 Mar 1972 - 30,000 - 1972*

Several days before April 7th, either Larry Higby or Gordon Strachan called and inquired of me as to the amount of cash then available for disbursement -- from cash under Sloan's control. I checked with Sloan and reported back that Sloan had \$550,000 in his safe in his office. I was next advised that Strachan would come over to the office and pick up the cash. This Strachan did. Sloan

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had it in a briefcase and had put it in my office where Strachan picked it up. He only spent a few minutes in my office and then left with the case. It was my assumption that such was to be used for polling -- I did not know for certain the exact purpose in mind. I do recall that during the sixty-day period immediately prior to April 7, 1972, Higby called and asked that I arrange for a polling bill of some \$150,000 be paid by Sloan and, in that connection, Sloan was to make certain that the campaign organization itself not be advised that such a polling bill had been paid by the Finance Office. Such payment, as I remember it, was made by check and not in cash. This \$150,000 polling payment during that period was one of the reasons why I assumed at the time that the \$350,000 that Strachan had picked up from my office on or about April 5th would be used for polling charges.

Before I left the Finance Committee on April 7th, I had spoken to both Waldeman and Ehrlichman and they both concurred in my decision to resign as of the 7th -- that I had done my part over the previous fifteen months and that I should not continue on as Associate Chairman for the balance of the campaign. In sum, they indicated that I had done enough.

#### The Watergate:

On Saturday, June 17th, I first became aware of the break-in at the Watergate Headquarters of the Democratic National Committee when I read the morning's Los Angeles Times over breakfast coffee at home.

A short time thereafter occurred the so-called Martha Mitchell incident. Much has been written about this unfortunate occurrence from which it could be inferred that Mrs. Mitchell was treated in a rough, if not brutal fashion -- so as to suppress communications with the media. I have no desire to make critical statements about a lady. Therefore, let me simply state that on Friday morning, June 23rd, I was requested by John Mitchell (as a personal favor to him) to go over to the Newporter Inn where Mrs. Mitchell was staying -- and give aid to her. This I did.

KALMBACH, HERBERT KALMBACH

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On or about June 29, 1972, I flew to Washington in response to an urgent call from John Dean, who told me that it was a matter of highest priority that I get back to Washington to take on an assignment. As I recall it, when I got there I called John at his office in the EOB and asked if he wanted me to come to his office. He said "no" -- that it would be easier if I met him in front of the Hay-Adams. The Hay-Adams is about half-way between the EOB and the Statler-Hilton where I was staying and I thought little about it. I then walked over and met Dean and we talked. In that conversation he told me that it was necessary that I raise funds to underwrite attorneys fees for the men that had been arrested in the Watergate break-in and to provide support for their families during this period. He may have also said that some of the funds would be used to provide bail money. Coming as this did from someone whom I trusted, who was the President's Special Counsel -- and who very clearly was carrying out orders -- I did not hesitate, and accented his directive without question. It seems to me that I did wonder aloud as to whether it might not be better that a defense fund organization be organized to go to the public for funds. My recollection is that he was not particularly favorably inclined towards the idea -- saying something to the effect that such an effort might be misinterpreted by the press and that, in any event, the need was such that we had to move promptly to provide the funds required. He gave me the impression that my help would be required only on a one-shot basis and indicated that approximately \$100,000 would be needed. Also, I recall that he suggested that I use Ulasewicz (whom I had not been in touch with since his October 1971 termination). In addition, Dean gave me the admonition that this entire funding operation was to be absolutely secret -- again making the point that if it became known that we were helping these people, such might be misinterpreted. I was advised that Fred LaRue would work with him (Dean) in giving me the instructions needed to get the funds to the people involved.

I next contacted Harry Stans on June 29th and advised him that I had just been given a special assignment by the White House; and that pursuant to this assignment I was requesting him to bring me whatever amount of cash he had available -- up to \$100,000. He then brought to me

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KALMBACH, DEANER, KNAPP & ELLINGWORTH

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I told Maury that I could not tell him the nature of my assignment or the purpose for which the funds would be used -- but I assured him that I had the authority for making my request and that the assignment was perfectly proper.

I thereafter made contact with Anthony Ulasewicz (June 30th) and asked that he come down to Washington. He did so and I gave him the cash funds obtained from Stans and advised him to take it back to New York to hold for later distribution in accordance with special directions which I was to receive from either Dean or LaRue. I then returned to California.

Over the next several days there were many telephone calls back and forth -- I don't remember whether I was dealing with Dean or LaRue in getting my orders but whichever one it was would give me explicit directions. These directions would be given to me and then relayed to Ulasewicz. I had told Ulasewicz that this assignment was to be carried out in absolute confidentiality and it was agreed that we would use telephone booths and take every precaution to avoid having the operation become known to the opposition for the reason that it might have an adverse effect on the campaign. We used verbal shorthand to describe certain of the people involved (I, for example, remember that we called Hunt "the writer" and Mrs. Hunt, "the writer's wife". The list of people and the amounts that each were to be given was characterized as either a play or a script. Ulasewicz used several aliases, including "Rivers" in his contacts. These were developed between ourselves in the course of our many telephone calls and they were then given to Dean or LaRue -- who had asked for them inasmuch as they were needed to be given to the people that Ulasewicz would be contacting. Almost all of these calls were made from telephone booths. It was all very much a 007 atmosphere and wholly foreign to my background and experience.

Next, I recall that LaRue gave me approximately \$30,000 in cash in John Dean's office some time in July. This amount was given to Ulasewicz in Washington (at his

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Sometime in mid-July I recall that John Dean again approached me and said that it was critical that additional funds be provided. At this point I realized that I would have to go to an outside contributor for the first time. What with the mounting press coverage that was beginning to raise questions in my mind and, in particular, the extreme secrecy procedures that I had been instructed to follow -- I resolved that I should confirm John Dean's authority with his immediate superior in the White House, John Ehrlichman. Thereafter, I arranged to meet with Ehrlichman in his office in the White House (my best guess is that the meeting took place on July 26th). At that meeting which was held behind closed doors with just the two of us present, I reviewed the circumstances of the assignment (which assignment Ehrlichman indicated that he was fully aware of); and then I asked Ehrlichman to confirm that Dean had the requisite authority to direct me to undertake such activity. In response, Ehrlichman told me that Dean did have the authority to give me the order; and that the purpose and the propriety was not to be questioned. My recollection is that my decision to see Ehrlichman at that time was based on several factors: I had known him over a period of ten years and respected him for his personal character and integrity; Ehrlichman and Haldeman had agreed that I was not to have any further involvement in fund raising after April 7th (Dean's order was therefore in direct conflict with that understanding); and, finally, that Ehrlichman had been Dean's predecessor as Counsel to the President and was in fact Dean's superior in the White House. For all of these reasons it seemed appropriate that I get direct confirmation as to this assignment. And, to repeat again -- I was becoming increasingly concerned about the OOT aspects of the assignment -- particularly the covert and clandestine manner in which I was required to operate. Finally, -- and this I vividly recall -- I said something to the effect that "...John, we're good friends. You know my wife and my family. I know Jeanne and your family. You know that my family and my reputation are the most important things in the world to me -- therefore, I must ask you to tell me that this assignment is proper and must be carried out." He replied to the effect that the order was fully reconfirmed and closed his comments and the meeting by stating words to the effect that "...they'll have

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our heads in their laps". I construed all of those comments together to mean that the operation was authorized, that it was proper, and that the secrecy was necessary or the opposition might make press capital of our assistance to these people -- and that the campaign could thus be jeopardized.

It is also my recollection that at that meeting I told Ehrlichman that I planned to approach Thomas V. Jones, President and Chairman of Northrop Corporation, in California -- and that I did not want to do so unless I was assured that the undertaking was wholly proper.

Following this meeting, I returned to California and, within a week or so, called Jones at his office in Los Angeles. A meeting was arranged at Jones' office and he gave me a package which he believed contained \$50,000 cash. When I got home, I opened the package and counted the money and found that instead of \$50,000 I had received \$75,000. I counted the money four or five times because I could not believe there had been a \$25,000 mistake. I told my wife about it and finally telephoned Jones about 10:00 that evening from a Union Oil Company service station on 17th Street near my home and told him of my count. At first he said that he was sure that I was wrong and that he was certain that he had given me \$50,000. Finally, after I repeated myself several times and told him that I wanted to return the \$25,000 the next day, he told me to keep the entire amount and "...credit it towards my earlier stated goal amount".

Tom Jones was not advised of the purpose for which these funds were to be employed.

Jones' \$75,000 was then turned over to Ulasiewicz -- who had flown out to California from New York for that purpose. Within a short period of time thereafter, it is my recollection that I advised Ehrlichman of Jones' contribution.

Also, I recall one additional receipt of funds. It was sometime in August when LaRue gave me approximately \$20,000 or \$40,000 in cash either in Dean's office or in his office at 1701 Pennsylvania.

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After I received the second amount from LaRue, I did not obtain any additional funds for this assignment. All told, my best recollection is that I obtained between \$210,000 and \$230,000 from three individuals during the two-month period (\$75,100 from Stans, \$75,000 from Jones, and the balance from LaRue). These funds were routed to the people that were specifically designated by either Dean or LaRue.

While I was continually urged to obtain more funds -- I advised both Dean and LaRue that it would not be possible for me to raise any additional funds.

The last time I recall that I was directly approached to raise more funds in this project was on January 18, 1973, when Dean asked me to attend a meeting scheduled in Mitchell's office. This requested meeting immediately followed the adjournment of the Annual Meeting of The Richard Nixon Foundation being held that afternoon at Blair House. I recall that Dean and I went over to Mitchell's office at 1701 Pennsylvania Avenue around 4:00 or 4:15 p.m. and that we met with Mitchell and LaRue in Mitchell's law office. I remember that I was in attendance for about ten minutes before I excused myself to attend another meeting that had been scheduled for 5:00 p.m. From my best recollection, the main point discussed at the meeting was the matter of where additional funds could be raised. I advised one and all that I could not do more and thereupon excused myself. As I have stated earlier in this letter, I had made up my mind in August or September to do nothing more and to make it clear that I would do no more.

Mr. Silbert, with regard to my involvement in these funds to the Watergate individuals -- I can only say that at that time -- it was totally implausible for me to believe that I would be asked to participate in any improper activity by men who occupied the number two and three positions in the White House...and with the awareness these gentlemen had of my position as the President's personal attorney.

Very sincerely yours,



Herbert W. Kalmbach

HWK/ah

DR



17. On February 2, 1971 Colson sent a memorandum to Haldeman's assistant Lawrence Higby stating that the milk producers were prepared to contribute \$100,000 for tables at a Republican dinner and that the only trick would be to be certain that the White House got credit for this against the sums it was expected to raise. Higby noted on the memorandum, "OK."

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17.1 Memorandum from Charles Colson to Lawrence Higby,  
February 2, 1971 (received from White House). ..... 318

*W Colson*

THE WHITE HOUSE  
WASHINGTON

*W Colson*  
*OK*  
*LH*

EYES ONLY

*11/11*

February 2, 1971

MEMORANDUM FOR LARRY HIGBY

As I understand it, we owe the National Committee approximately \$150,000 originally committed from Mulcahy. My feeling, as you know, is that we should not go back to Mulcahy.

The Milk Producers are prepared to buy 10 tables to the Committee Dinner (\$100,000). The National Committee could be advised in advance that this is part of the money we owe. The only trick would be to be certain that we got credit for this against the sums they expect us to raise.

Please let me know.

00176\*

*W Colson*

Charles W. Colson

18. Between February 2, 1971 and February 16, 1971 Haldeman, Ehrlichman, Colson and other White House officials approved plans for the President to meet with dairy industry leaders. On a memorandum approving the proposal for the meeting Colson stated that the President said he wanted to do this and should.

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THE WHITE HOUSE

WASHINGTON

February 2, 1971

MEMORANDUM FOR:

✓ Chuck Colson  
John Whitaker

FROM:

Dave Parker

RE:

Leaders of dairy industry

Secretary Hardin has put forth a proposal that the President meet with the various national leaders of the dairy industry. What would be your recommendation in this regard?

Approve                    ✓  
Disapprove                \_\_\_\_\_

reason: .

The President said he wanted to do this -- and should -- I should be included in the meeting for special political reasons

Thanks.

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THE WHITE HOUSE

WASHINGTON

February 2, 1971

001186

MEMORANDUM FOR

✓ Chuck Colson  
John Whitaker

FROM:

Dave Parker

RE: Leaders of dairy industry

Secretary Hardin has put forth a proposal that the President meet with the various national leaders of the dairy industry. What would be your recommendation in this regard?

approve ☒

disapprove ☐

reason:

WH

Thanks.

The President said he  
wanted to do this -  
and should - I should  
be included in the meeting  
for special political reasons.

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MEMORANDUM

THE WHITE HOUSE

Washington

February 4, 1971

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: Dave Parker

RE: Leaders of Dairy Industry

Secretary Hardin has sent a memo concerning the President's expressed interest in meeting with leaders of the dairy industry (attached). Colson and Whitaker strongly recommend the President meet with the group on the attached list.

Do you concur? No objection

THE WHITE HOUSE

Washington

Date: 1/27/71

To: C

From: Bruce Kehrli

H has not seen -

Please handle  
B.

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MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

February 4, 1971

001183

-B

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#6

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: Dave Parker

RE: Leaders of Dairy Industry

Secretary Hardin has sent a memo concerning the President's expressed interest in meeting with leaders of the dairy industry (attached). Colson and Whitaker strongly recommend the President meet with the group on the attached list.

Do you concur? No objection

THE WHITE HOUSE  
WASHINGTON

Date: 1/27/71

To: C

From: Bruce Kehrli

H has not seen -

Please handle

B.

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THE WHITE HOUSE

WASHINGTON

February 16, 1971

SCHEDULE PROPOSAL

FROM: David N. Parker

VIA: Dwight L. Chapin

MEETING: Leaders of the dairy industry

DATE: open

PURPOSE: To enhance agriculture's support of Administration programs; and, because the President said he wanted to do this in his telephone message to the American Milk Producers Conference last September, as well as when meeting with Messrs. Nelson and Parr he stated he would meet with the leaders again.

PRESIDENTIAL PARTICIPATION

-Cabinet Room  
-18 attending (list attached) plus Secretary Hardin  
-half hour meeting

approve   H   disapprove       

Coverage:

To be announced

approve   H   disapprove         
approve   H   disapprove       

STAFF: John Whitaker

RECOMMENDATIONS

In Favor                      Chuck Colson  
                                John Ehrlichman  
                                Murray Chotiner  
                                Secretary Hardin  
                                John Whitaker

Colson - "The President said he wanted to do this and should".

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Page Two  
Dairy Industry

Chotiner - "Substantial support coming from this group".

Whitaker - "The President committed himself".

BACKGROUND: Secretary Hardin urges this meeting be held. He says that last fall at the time of the convention of the Associated Milk Producers, he talked with the President on the phone and the President extended an invitation to key members of the dairy industry to meet with him.

FOLLOW UP:

Colson says the Dairy industry has a good PR program and this meeting will be exploited widely in the dairy industry.

and farm

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THE WHITE HOUSE  
WASHINGTON

001190

February 16, 1971

SCHEDULE PROPOSAL

FROM: David N. Parker

VIA: Dwight L. Chapin

MEETING: Leaders of the dairy industry

DATE: open

PURPOSE: To enhance agriculture's support of Administration programs; and, because the President said he wanted to do this in his telephone message to the American Milk Producers Conference last September, as well as when meeting with Messrs. Nelson and Parr he stated he would meet with the leaders again.

PRESIDENTIAL PARTICIPATION

- Cabinet Room
- is attending (not attached) plus Secretary Hardin
- half hour meeting

approve ☒

disapprove ☐

Coverage:

To be announced

Photo opportunity

approve ☒

disapprove ☐

approve ☒

disapprove ☐

STAFF: John Whitaker

RECOMMENDATIONS

In Favor

Chuck Colson  
John Ehrlichman  
Murray Chotiner  
Secretary Hardin  
John Whitaker

Colson - "The President said he wanted to do this and should".

Page Two  
Dairy Industry

Chotiner - "Substantial support coming from this group".

Whitaker - "The President committed himself".

BACKGROUND: Secretary Hardin urges this meeting be held. He says that last fall at the time of the convention of the Associated Milk Producers, he talked with the President on the phone and the President extended an invitation to key members of the dairy industry to meet with him.

FOLLOW UP:

Colson says the Dairy industry has a good PR program and this meeting will be exploited widely in the dairy industry.

*and Jones*

001191

WH



19. Beginning in early 1971 dairy cooperative representatives undertook intense lobbying efforts in Congress to enact legislation requiring a milk price support level of between 85% and 90% of parity. On February 10, 1971 Speaker Carl Albert, Congressman Wilbur Mills, and Ranking House Ways and Means Committee member John Byrnes met in Speaker Albert's office with AMPI officials Harold Nelson and Dave Parr, USDA Congressional liaison head William Galbraith, and Counsel to the President for Congressional Relations Clark MacGregor. On March 4, 1971 Congressman Mills telephoned OMB Director George Shultz and on March 10, 1971 Speaker Albert telephoned Shultz to urge an increase in milk price supports. During late February and March, 87 Members of Congress wrote or wired the Department of Agriculture urging an increase in milk price supports to 90% of parity. Ten other Members sought an increase to at least 85% of parity, while 44 Members forwarded constituent requests which sought increases to various levels. Between March 16 and March 25, 1971 approximately 28 bills sponsored by 118 individual Representatives were introduced in the House of Representatives and two bills sponsored by 29 Senators were introduced in the Senate to increase the minimum level of milk price supports to at least 85% of parity.

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FOR IMMEDIATE RELEASE

JANUARY 8, 1974

Office of the White House Press Secretary

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THE WHITE HOUSE

The Milk Support Price Decision

During the spring of 1971, Secretary of Agriculture Clifford Hardin announced that certain dairy products would be supported by the Federal Government at 80 percent of parity during the 1971-72 marketing season. Subsequently, under heavy pressure from the Congress to increase supports and after consultation with his senior advisers, the President reconsidered and requested the Secretary to raise the price support level for the coming year to 85 percent of parity.

Because the President also met with dairy leaders during this same period and because campaign contributions were given to his re-election effort during 1971, there have been charges in the media and elsewhere that the President's actions on price supports were the result of promises from the dairy industry to contribute to the 1972 Republican Presidential campaign. These allegations are unsupported by evidence and are totally false.

I. The Decisions of March, 1971

The decision announced each year by the Secretary of Agriculture of the price at which the Government will support milk prices has a significant impact on the Nation's dairy farmers. In 1970, Secretary Hardin had announced that for the marketing year running from April 1, 1970 through March 31 1971, the Government would support manufacturing milk at \$4.66 per 100 pounds, or at 85 percent of parity. This figure represented an increase of 38 cents and an increase of 2 percent of the parity rate over the year before (1969-1970).

As the 1971-72 marketing season approached, the question within the Government was whether to continue supporting the milk price at \$4.66 per 100 pounds or to raise the price. Because a grain shortage and other factors had increased the costs of production for dairy farmers, a continuation of the \$4.66 price meant that the parity rate would actually fall to approximately 80 percent. To the farmers, a drop in parity rate would result in a possible loss of income which in turn could deter production. The farmers therefore advocated an increase in the price support to \$5.21 per 100 pounds, or 90 percent of parity; at the very least, they argued, the Government should raise the price to \$4.92 per 100 pounds and thereby maintain the current parity rate of 85 percent. At the Department of Agriculture, it was feared that such price increases might encourage excess production on the farms, raise the prices of dairy products for consumers, and ultimately force the Government to purchase the surplus products.

The dairy industry, which had become highly organized in the 1960s, moved to exert maximum, direct pressure on the Secretary of Agriculture in early 1971. In a few weeks, over 13,000 letters from milk producers were received by the Department of Agriculture.

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NOTE: THE COMPLETE TEXT OF THE WHITE HOUSE PAPER ON MILK PRICE SUPPORTS IS REPRINTED AT 7.1.

At the same time, the dairy industry worked to achieve its objectives indirectly through Members of the Congress who agreed with industry views. The upper Midwestern affiliate of the Associated Milk Producers, Inc. (AMPI) estimated that its members alone sent some 50,000 letters to Congressmen on the subject of milk supports. Between February 23 and March 12, 1971, some 25 Senators and 65 Congressmen wrote the Secretary of Agriculture to urge that the \$4.66 support price be increased. Some twenty Senators and 53 Representatives indicated that they wanted to see the price raised to a full 90 percent of parity (\$5.21 per cwt.). Four Senators and eight Representatives adopted a more restrained position, asking that the price be raised to at least 85 percent of parity (\$4.92).

Some of the letters openly referred to the fact that spokesmen for the dairy cooperatives -- AMPI, Dairymen, Inc., or their affiliates -- had written or called upon the Congressmen to ask for support. A number of letters were apparently drafted by lobbying groups.

Many of the Members also took to the floor of the House and Senate to express their concern:

On March 1, Congressman Robert W. Kastenmeier (D., Wis.) rose to tell his colleagues: "We need your assistance in persuading the Administration to raise dairy price supports to 90 percent of parity . . ." (Congressional Record, p. 4310). His sentiments were echoed by Congressman Les Aspin (D., Wis.).

After March 7, when the Associated Press reported that Secretary Hardin might raise the support level to 85 percent of parity, Senators Hubert Humphrey (D., Minn.), Vance Hartke (D., Ind.), Walter Mondale (D., Minn.), and Fred Harris (D., Okla.), as well as Congressmen Ed Jones (D., Tenn.), Robert McClory (R., Ill.), and Vernon Thomson (R., Wis.), all made floor speeches in favor of a 90 percent level.

On March 8, Congressman William Steiger (R., Wis.) entered into the Congressional Record a letter he had sent to Secretary Hardin calling for 90 percent parity.

On March 9, both Senators Hartke and Humphrey called again for the 90 percent level.

On March 10, Congressman Jones argued that even 90 percent would not be a "decent return," but "it would certainly help." Mr. Jones urged the Department of Agriculture not to "sit idly by and watch our dairy industry decline into oblivion. Unless dairy price supports are set at a level high enough to guarantee 90 percent of parity, that is exactly what we are inviting." (Congressional Record, pp. 5956-57). Senator Mondale again called for the 90 percent level.

On March 11, Congressman Thomson repeated his call for a 90 percent decision.

While their colleagues were marshalling support in open floor speeches, senior Democratic leaders in the Congress were expressing their concerns privately to representatives of the Administration. On February 10, the Chairman of the House Ways and Means Committee, Wilbur Mills. (D., Ark.), arranged a meeting

in the office of Speaker Carl Albert (D., Okla.) to discuss the dairy issue. Representatives of the dairy industry had apparently asked for the meeting to plead their case. In attendance were Harold Nelson and David Parr from AMPI; Congressman Mills, Albert and John Byrnes (R., Wis.); William Galbraith, head of Congressional liaison for the Department of Agriculture; and Clark MacGregor, then Counsel to the President for Congressional Relations.

The Congressional leaders continued to make their views known in several private conversations thereafter. According to Mr. MacGregor's records, Congressman Mills urged him on at least six occasions in late February and early March to urge the President to raise the support price. Congressman Mills and Speaker Albert also telephoned the Director of the Office of Management and Budget, George Shultz, with the same request. Mr. Shultz sent a memorandum to John Ehrlichman at the White House indicating the substance of the Mills request for a rise in the support level.

Nevertheless, on March 12, Secretary Hardin announced that the price support for the coming year would be approximately 80 percent of parity -- not 90 percent as the dairy industry wanted. The Secretary's announcement acknowledged that some dairymen believed that the support price should be increased. But, he said, higher support prices might lead to excessive supplies and large surpluses. Mr. Hardin believed his action was "in the long-term best interests of the dairy producers."

Immediately following the Agriculture Department announcement of March 12, 1971, a campaign was initiated on Capitol Hill by both Democrats and Republicans for mandatory legislation to increase the parity level to 85 or 90 percent. Thirty separate bills were introduced in the House of Representatives between March 16th and March 25th with this specific goal in mind. One hundred and twenty-five Members of the House of Representatives introduced or co-sponsored legislation to support the price of manufacturing milk at a level of not more than 90 percent nor less than 85 percent. In other words, 85 percent would be an absolute floor for price supports. Of these Representatives, 29 were Republicans and 96 were Democrats. Two Congressmen, one from each side of the aisle, also introduced legislation for a mandatory level of 90 percent of parity.

In the Senate, 28 Senators, led by Democratic Senator Gaylord Nelson of Wisconsin, introduced legislation on March 16, 1971, that would have required support levels at a minimum of 85 percent of parity. Of the Nelson bill sponsors, one was a Republican (Senator Cook of Kentucky) and 27 were Democrats (Senators Allen, Bayh, Burdick, Bentsen, Cranston, Eastland, Eagleton, Fulbright, Gravel, Hart, Harris, Hollings, Hartke, Hughes, Inouye, Long, Mondale, McGee, McGovern, Muskie, Ross, Nelson, Proxmire, Sparkman, Stevenson, Symington, Tunney). Three days later, Senator Hubert Humphrey sponsored his own bill seeking higher parity.

Philosophically, the Nixon Administration had hoped to gradually move away from Federal policies which provide massive subsidies to agriculture. These subsidies had initially been instituted during the Depression years when the Government undertook a variety of measures to ease the plight of the farmers and to give them some degree of economic stability

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1971 CONGRESSIONAL BILLS ON DAIRY PRICE SUPPORTS

HOUSE OF REPRESENTATIVES

The following bills are substantially identical to each other:

<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/16/71	H.R.6188	Smith (D-Iowa) Edmondson (D-Okla) Hungate (D-Mo) Roush (D-Ind) Jones (D-Tenn) Teague (D-Tex) Steiger (R-Wis) Burton (D-Calif) Hamilton (D-Ind) Griffin (D-Miss) Burleson (D-Tex) Burlison (D-Mo) Fraser (D-Minn) Ullman (D-Ore) Shipley (D-Ill) Randall (D-Mo) Price (D-Ill) Kuykendall (R-Tenn)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/17/71	H.R.6248	Roncalio (D-Wyo)	"
3/17/71	H.R.6249	Smith (D-Iowa) Poage (D-Tex) Patman (D-Tex) Sisk (D-Tex) Obey (D-Wis) Sikes (D-Fla) Steed (D-Okla) Culver (D-Iowa) Kyl (R-Iowa) Bergland (D-Minn) Abbitt (D-Va) Abourezk (D-S.Dak) Kastenmeier (D-Wis) Fascell (D-Fla) Broyhill (R-N.C.)	"
3/17/71	H.R.6250	Smith (D-Iowa) Casey (D-Tex) Hansen (D-Wash) Shriver (R-Kan) Pickle (D-Tex) Pryor (D-Ark) Blanton (D-Tenn) Flowers (D-Ala) Fulton (D-Tenn) Hammerschmidt (R-Ark) Wright (D-Tex) Aspin (D-Wis) Thone (R-Nebr) Daniel (D-Va) Dorn (D-S.C.) Fisher (D-Tex) Edwards (D-La)	"

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6.

19.1 WHITE HOUSE "WHITE PAPER," THE MILK SUPPORT PRICE DECISION,  
JANUARY 8, 1974, 1-3, 14-16

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<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/17/71	H.R.6289	O'Konski (R-Wis)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/18/71	H.R.6412	Zwach (R-Minn)	"
3/18/71	H.R.6425	Harvey (R-Mich)	"
3/18/71	H.R.6443	Smith (D-Iowa) Abernethy (D-Miss) Stubblefield (D-Ky) Purcell (D-Tex) Matsunaga (D-Hawaii) Vigorito (D-Pa) Denholm (D-S.Dak) Martin (R-Nebr) Roberts (D-Tex) Halpern (R-N.Y.) Zablocki (D-Wis) McFall (D-Calif) Montgomery (D-Miss) Johnson (D-Calif) Schwengel (R-Iowa) Anderson (D-Tenn) Watts (D-Ky) Perkins (D-Ky) Riegle (R-Mich) Whitehurst (R-Va)	"
3/23/71	H.R.6534	Hull (D-Mo)	"
3/23/71	H.R.6553	Watcher (D-Ky)	"
3/23/71	H.R.6559	Quillen (R-Tenn)	"
3/23/71	H.R.6619	Gross (R-Iowa) Scherle (R-Iowa) King (R-N.Y.) Hall (R-Mo)	"
3/23/71	H.R.6621	Jones (D-M.C.) Preyer (D-M.C.) Henderson (D-M.C.) Taylor (D-M.C.) Lennon (D-M.C.)	"
3/23/71	H.R.6632	Long (D-La)	"
3/23/71	H.R.6635	McMillan (D-S.C.)	"
3/23/71	H.R.6647	Sebelius (R-Kan)	"
3/23/71	H.R.6650	Stratton (D-N.Y.)	"

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<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/23/71	H.R.6657	Young (D-Tex)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/24/71	H.R.6683	Evans (D-Colo) Aspinall (D-Colo)	"
3/24/71	H.R.6691	Hastings (R-N.Y.)	"
3/24/71	H.R.6701	Landrum (D-Ga) Stephens (D-Ga) Brinkley (D-Ga) Stuckey (D-Ga) Thompson (R-Ga) Mathis (D-Ga)	"
3/24/71	H.R.6712	Thompson (D-N.J.)	"
3/24/71	H.R.6727	Nichols (D-Ala)	"
3/25/71	H.R.6746	Andrews (D-Ala)	"
3/25/71	H.R.6753	Duncan (R-Tenn)	"
3/25/71	H.R.6785	Pryor (D-Ark) Bingham (D-N.Y.) Leggett (D-Calif) Mahon (D-Tex) Melcher (D-Mont) Baker (R-Tenn) Duncan (R-Tenn) Myers (R-Ind) Hillis (R-Ind) Hanley (D-N.Y.) Galifianakis (D-N.C.) Brasco (D-N.Y.) Collins (D-Ill) Alexander (D-Ark) Kee (D-W.Va) Gallagher (D-N.J.) Gonzalez (D-Tex) Begich (D-Alaska) Kyros (D-Maine)	"

The following bills are identical:

3/18/71	H.R.6357	Abbitt (D-Va)	To support the price of milk at 90% of the parity price through purchases of milk and milk products.
3/22/71	H.R.6502	Thomson (R-Wis)	"

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with Mr. Colson.

Mr. Weitz. Did you meet with all of those individuals?

Mr. Nelson. Yes.

Mr. Weitz. Who was present at those meetings?

Mr. Nelson. The various people.

Mr. Weitz. Was Mr. Parr generally present at those meetings?

Mr. Nelson. Generally, yes.

Mr. Weitz. Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. Mr. Hillings? Was Mr. Hillings present at all those meetings?

Mr. Nelson. Mr. Hillings may have been present one time when we met with Secretary Hardin, I don't really recall that he was, but I don't believe he was ever present when we met with any of these other people.

Mr. Weitz. And at these meetings, you presented various dates to them with respect to the position of the dairy co-ops?

Mr. Nelson. What you might call, mostly unwritten views [unreadable] and arguments, and also some written papers on the subject.

Mr. Weitz. And did you, during this period late 1970, the first several months of 1971, mount an effort or organize to obtain Congressional support?

Mr. Nelson. Yes, we did.

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Mr. Weitz. How did you go about doing that?

Mr. Nelson. Well, the Congressional effort, you understand, wasn't an AMPI effort alone. This was an effort that I would say the nearest thing to what you might call at least figuratively speaking, the head of this was the National Milk Producers Federation which enlisted the aid of its -- or attempted to enlist the aid of all of its members.

The prime movers in this effort, I would say, were AMPI, Mid-America, and Dairymen, Inc. Those were the prime movers. We also had, as I recall, one prime opponent to it, initially, and that was another cooperative Land-O-Lakes, which is legally a cooperative, but has a different philosophical approach to the whole thing than these other marketing groups. And so this support was pretty wide-spread throughout the United States, as far as dairy cooperatives were concerned.

And their members, or representatives, would call on their respective Congressmen and Senators asking them to co-author a bill setting the supports at 90 percent.

Mr. Weitz. Now what time period are we talking about? The first decision by the Secretary of Agriculture, not raising price supports, was March 12. Would you have begun this effort let's say a month or two months before that time?

Mr. Nelson. I would say at least that.

Mr. Weitz. At least a month or two months?

Mr. Nelson. At least that.

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Mr. Weitz. So it would be fair to say that throughout the early part of 1971, the first two and a half, three months of 1971, you were meeting both with representatives of the Administration, and also with the various Congressmen and so forth, to obtain their support, in contacting whoever they felt was appropriate in order to try to obtain an increase, and also to perhaps solicit their support for a bill to raise the support level?

Mr. Nelson. You're talking about "you", you're not using the personal pronoun, you're using the whole collective effort? Yes, that's right.

Mr. Weitz. Was it contemplated, let's say, in February or March of 1971, that a bill would be, or you hoped, would be introduced into Congress to raise the support level?

Mr. Nelson. I believe it was before that.

Mr. Weitz. So part of this whole strategy was both to approach the Administration pretty much from the outset in obtaining an Administrative increase if possible, but also to obtain Congressional support and possibly Congressional action?

Mr. Nelson. Yes.

Mr. Weitz. Did you communicate your information, or the fact that you were making this effort, this Congressional effort to anyone in the administration?

Mr. Nelson. I don't recall any specific communication, but it was no secret. There wasn't anything furtive about the

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effort with Congress. It was a well-known, well-publicized

fact.

Mr. Weitz. Let's go off the record.

(Discussion off the record.)

(A brief recess was taken.)

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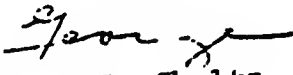
EX. CUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET -  
WASHINGTON, D.C. 20503

March 4, 1971

MEMORANDUM FOR JOHN EHRLICHMAN

Re: Telephone Call from Wilbur Mills this  
afternoon re price supports on milk.

He called to inquire about the situation and to push  
for a prompt decision. He clearly wants to see the  
support price raised and expressed his doubts about  
the estimates of excess supply that would be created  
by that move. He states his view that the Department  
always over-estimates the production increase and  
under-estimates demand.

  
George P. Shultz

001205

WH



THE GENERAL COUNSEL OF THE TREASURY

WASHINGTON, D.C. 20229

NOV 27 1973

MEMORANDUM FOR: ✓ James Hamilton  
Donald G. Sanders

FROM: Edward C. Schmults *ECS*

SUBJECT: Information Requested on November 21, 1973

In accordance with our conversation on Wednesday, November 21, 1973, the following sets forth certain relevant information which you requested from the appointment records and telephone logs of Secretary Shultz for certain dates in March, 1971:

1. The telephone log for Thursday, March 4, indicates that Chairman Mills called and talked with Mr. Shultz at 3:10 p.m. As you requested, attached is a memorandum from Mr. Shultz to Mr. Ehrlichman, dated March 4, 1971, regarding this telephone conversation. The telephone log for Monday, March 8, also indicates that Mr. Shultz was called by Chairman Mills at 3:00 p.m. Mr. Shultz was not available at that time but returned Chairman Mills call later in the afternoon. The appointment log for Thursday, March 25, indicates that Mr. Shultz was invited to attend a 9:30 a.m. meeting with Chairman Mills and Mr. Ehrlichman. It is possible that Mr. Gifford also attended.
2. The telephone log for the morning of Wednesday, March 10, indicates a telephone conversation, initiated by Speaker Albert, between the Speaker and Mr. Shultz took place.
3. The appointment log sets forth the following references to meetings on March 19 and 23 regarding the milk price support matter:
  - (a) Friday, March 19 -- 4:00 p.m. meeting at Mr. Ehrlichman's office "re milk price supports" with Messrs. Ehrlichman, Hardin, Whitaker, Cashen, MacGregor or Timmins, and Rice.

- 2 -

- (b) Tuesday, March 23 -- 10:30 a.m. meeting with the "President w/Associated Milk Producers, Inc., Cabinet Room."
- (c) Tuesday, March 23 -- 4:45 p.m. meeting with the "President (re Milk Prices) w/Rice."
- 4. The telephone log for Wednesday, March 24, indicated that Under Secretary of Agriculture Campbell tried to call Mr. Shultz at 8:25 a.m. The call was completed at 9:55 a.m.
- 5. On Thursday evening, March 25, Mr. Shultz attended a reception given by the Arkansas Bankers Association in honor of the Arkansas Congressional Delegation in the Monticello Room of the Madison Hotel.
- 6. Other than a note indicating an invitation on Monday, March 22, from Mr. Haldeman to Mr. Shultz and his family to attend a film showing in the White House theater on March 23, the appointment records and telephone logs do not indicate any contacts between Mr. Haldeman and Mr. Shultz during the period March 19 to March 25, 1971, inclusive.
- 7. Attached are newspaper articles appearing on April 5, 1971, December 22, 1971, and May 18, 19 and 23, 1973.

Attachments

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THE WHITE HOUSE

Washington

March 5, 1971

MEMORANDUM FOR: JOHN EHRLICHMAN  
GEORGE SHULTZ

FROM: CLARK MacGREGOR

SUBJECT: Dairy Price Supports

Senator Jack Miller (R-Iowa), the ranking Minority member of the Senate Committee on Agriculture and Forestry, participated in a Roosevelt Room discussion at 10:00 a.m. this morning on the President's special revenue sharing proposal for rural development. I sat next to him. The following three memos passed between us, with Jack Miller initiating the action:

- I) 1. "Clark: It would be a political mistake to do nothing (re: the dairy price support question) this year and then do something in 1972 -- an election year. The dairy organizations would see through this, and so would the Democrats, and they would make hay by calling attention to the Administration playing politics with the dairy farmer.
2. "Better to do something this year and something in 1972 (though less in 1972 than would be the case if nothing done in 1971).
3. "Drop in parity price support from 85% to 81% represents a cost-price squeeze which we ought to try to handle -- at the very least take action to prevent further drop in the parity ratio over next 12 months. Jack Miller"
- II) "Jack: Do you recommend that the President and Cliff Hardin announce that on April 1st the support price will be 81% of parity? Clark"

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Page 2

Memorandum for: John Ehrlichman and George Shultz  
March 5, 1971

III) "Clark: 82% would sound better. Those working for 90% don't expect it. Many of them fall back to 85% (like they got last year) -- but they should know that this costs \$100 million more to the government. So some of them have suggested at rock bottom holding prices so that there will not be further deterioration in parity. Jack Miller "

cc: Don Rice  
Pete Peterson  
John Whitaker

THE WHITE HOUSE  
WASHINGTON

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001212

March 5, 1971

MEMORANDUM FOR:

JOHN EHRLICHMAN  
GEORGE SHULTZ

FROM:

CLARK MacGREGOR CM

SUBJECT:

Dairy Price Supports

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Memorandum for: John Ehrlichman and George Shultz  
March 5, 1971

III) "Clark: 82% would sound better. Those working for 90% don't expect it. Many of them fall back to 85% (like they got last year) -- but they should know that this costs \$100 million more to the government. So some of them have suggested at rock bottom holding prices so that there will not be further deterioration in parity. Jack Miller"

cc: Don Rice  
Pete Peterson  
✓ John Whitaker

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THE WHITE HOUSE  
Washington

March 9, 1971

MEMORANDUM FOR THE DIRECTOR

Hyde Murray has recommended that the Administration maintain the status quo with respect to dairy price supports. He is supported in this view by other House Republican staffers who are less informed on the subject.

They suggest that if the Administration agrees to the suggestions of the House Democratic leadership that price supports be increased there could be very much increased dairy surpluses during the election year. This would create a difficult political issue.

Hyde Murray makes this recommendation with which I concur:

1. Do not increase price supports.
2. Refer the question of cheese imports to the Tariff Commission.
3. Announce the purchase of cheese for school lunch programs.

Following this recommendation would put the Administration in the best position during the coming election year.

Bill Gifford

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THE WHITE HOUSE  
WASHINGTON

28

March 9, 1971

001222

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MEMORANDUM FOR THE DIRECTOR

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They suggest that if the Administration agrees to the suggestions of the House Democratic leadership that price supports be increased there could be very much increased dairy surpluses during the election year. This would create a difficult political issue.

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2. Refer the question of cheese imports to the Tariff Commission.
3. Announce the purchase of cheese for school lunch programs.

Following this recommendation would put the Administration in the best position during the coming election year.

WH  


Bill Gifford

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971

I. Members of Congress who wrote or sent telegrams to the Department of Agriculture in February and March, 1971, urging the price support level be established at the legal maximum -- 90% of parity. (Compiled by House Judiciary Committee staff from documents received from the Department of Agriculture.)

A. Representatives

Abbitt (D-Va.)	3/10/71 (telegram)
Abourezk (D-S. Dak.)	3/00/71
Anderson (R-Ill.)	3/04/71
Anderson (D-Tenn.)	3/01/71
Aspin (D-Wis.)	3/05/71
Bergland (D-Minn.)	3/04/71
Bevill (D-Ala.)	3/12/71
Brinkley (D-Ga.)	3/03/71
Burleson (D-Tex.)	3/16/71
Burlison (D-Mo.)	3/01/71
Byrnes (R-Wis.)	3/03/71
Caffery (D-La.)	3/12/71
Cleveland (R-N. H.)	3/09/71
Culver (D-Io.)	3/02/71
Dow (D-N. Y.)	3/15/71 (telegram)
Edmonston (D-Okla.)	3/03/71
Edwards (D-Ca.)	3/09/71
Evins (D-Tenn.)	3/10/71
Forsythe (R-N. J.)	3/08/71
Galifianakis (D-N. C.)	3/12/71
Gonzales (D-Tex.)	3/12/71
Griffin (D-Miss.)	2/26/71 (telegram)
Gross (R-Io.)	3/05/71 (telegram)

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971

- 2 -

Hanley (D-N. Y.)	3/09/71
Harvey (R-Mich.)	3/17/71
Hastings (R-N. Y.)	3/10/71
Hillis (R-Ind.)	2/26/71
Horton (R-N. Y.)	3/15/71
Hull (D-Mo.)	3/01/71
Jones (D-Ala.)	3/11/71
Kastenmeier (D-Wis.)	1/29/71
Kazen (D-Tex.)	3/04/71
King (R-N. Y.)	3/04/71
Long (D-La.)	3/02/71
Mann (D-S. C.)	3/11/71
Martin (R-Neb.)	3/10/71
Mathis (D-Ga.)	3/03/71 (telegram)
Mazzoli (D-Ky.)	3/11/71
Myers (R-Ind.)	3/04/71
Nichols (D-Ala.)	3/12/71
Obey (D-Wis.)	3/10/71, 3/30/71
O'Konski (R-Wis.)	2/24/71
Patman (D-Tex.)	3/02/71, 3/09/71
Pickle (D-Tex.)	3/08/71
Preyer (D-N. C.)	3/12/71
Price (R-Tex.)	3/08/71
Pryor (D-Ark.)	2/26/71
Purcell (D-Tex.)	3/10/71
Rarick (D-La.)	3/02/71

*19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971*

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- 3 -

Robinson (R-Va.)	3/04/71
Roy (D-Kan.)	3/16/71
Schneebeli (R-Pa.)	3/10/71
Sebelius (R-Kan.)	3/03/71
Shriver (R-Kan.)	2/25/71 (telegram)
Sisk (D-Calif.)	3/03/71
Spence (R-S. C.)	3/16/71
Steed (D-Okla.)	3/01/71
Steiger (R-Wis.)	2/24/71
Stratton (D- N. Y.)	3/04/71
Stubblefield (D-Ky.)	3/06/71
Taylor (D- N. C.)	3/12/71
Terry (R- N. Y.)	3/16/71
Thompson (D- N. J.)	3/05/71
Thomson (R-Wis.)	2/01/71
Vigorito (D-Pa.)	3/08/71
Watts (D-Ky.)	3/10/71
Winn (R-Kan.)	2/25/71

B. Senators

Baker (R-Tenn.)	3/01/71
Bellman (R-Okla.)	3/03/71
Bentsen (D-Tex.)	2/25/71
Dominick (R-Col.)	2/26/71
Eagleton (D-Mo.)	2/25/71
Ervin (D-H. C.)	3/12/71 (first telegram)

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971

- 4 -

Fulbright (D-Ark.)	3/03/71
Harris (D-Okla.)	2/26/71
Hartke (D-Ind.)	3/09/71
Hughes (D-Io.)	2/26/71
Jordan (R-Ind.)	3/09/71
Jordan (D-N. C.)	3/11/71 (joint telegram)
Long (D-La.)	3/02/71
McGovern (D-S. D.)	3/05/71
Mundt (R- S. D.)	3/05/71
Packwood (R-Ore.)	2/23/71
Proxmire (D-Wis.)	2/25/71
Spong (D-Va.)	3/03/71
Symington (D-Mo.)	3/10/71
Young (R- N. D.)	3/03/71

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.U.S.D.A. IN FEBRUARY  
AND MARCH, 1971

- 5 -

II. Members of Congress who contacted the Department of Agriculture asking that their constituent requests be given fair and full consideration or seeking information on the Department of Agriculture's position.

A. Representatives

Andrews (D-Ala.)	3/15/71
Archer (D-Tex.)	3/01/71
Belcher (R-Okla.)	3/19/71 (telephone)
Biester (R-Pa.)	3/10/71
Brademas (D-Ind.)	3/02/71
Brooks (D-Tex.)	3/01/71
Brown (R-Ohio)	3/11/71
Broyhill (R- N. C.)	3/11/71
Camp (R-Okla.)	3/05/71
Chamberlain (R-Mich.)	3/23/71
Crane (R-Ill.)	4/15/71 (3/22/71 letter enclosed)
duPont (R-Del.)	3/14/71
Hansen (R-Id.)	3/10/71
Harvey (R-Mich.)	3/03/71
Holifield (R-Cal.)	3/08/71
Hungate (D-Mo.)	3/03/71
Landgrebe (R-Ind.)	3/19/71
Lujan (R-N. M.)	3/03/71
McMillian (D- S. C.) (defeated in primary)	3/03/71
Quie (R-Minn.)	3/03/71
Railsback (R-Ill.)	3/03/71, 3/08/71

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971

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Schwengel (R-Iowa)	2/04/71
Scott (R-Va.)	3/11/71
Smith (R-N. Y.)	3/17/71
Veysey (R-Cal.)	3/03/71
White (D-Tex.)	3/02/71
Zablocki (D-Wis.)	2/24/71

B. Senators

Allen (D-Ala.)	3/15/71
Anderson (D-N. M.)	3/02/71
Baker (R-Tenn.)	3/17/71
Buckley (R- N. Y.)	5/18/71 for 3/1/71 letter
Byrd (D- W. Va.)	3/05/71
Church (D-Id.)	3/22/71
Ellender (D-La.)	3/01/71
Ganbrell (D-Ga.)	3/02/71
Griffin (R-Mich.)	3/17/71
Hart (D-Mich.)	3/08/71, 3/31/71
Hruska (R-Nebr.)	3/04/71
Jordan (D- N. C.)	2/26/71
Miller (R-Ia.)	3/01/71
Saxbe (R-Ohio)	3/09/71
Schweicker (R-Pa.)	4/06/71
Stevenson (D-Ill.)	4/07/71
Thurmond (R-S. C.)	2/25/71

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971

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III. Members of Congress who contacted the Department of Agriculture urging that the dairy price support levels be raised to 85% of parity or at least reflect inflationary price increases.

A. Representatives

Denholm (D-S. D.)	3/11/71 (telegram)
Hanna (D-Cal.)	3/16/71
Landgrebe (R-Ind.)	3/09/71
McClory (R-Ill.)	3/11/71
Nelson (D-Minn.)	3/09/71
Pirnie (R-N. Y.)	3/24/71
Rousch (D-Ind.)	3/08/71
Zwach (D-Minn.)	3/03/71

B. Senators

Brock (R-Tenn.)	3/25/71
Burdick (D-N. D.)	3/10/71 (telegram)

19.7 HOUSE JUDICIARY COMMITTEE STAFF LIST OF MEMBERS OF  
CONGRESS WHO CONTACTED THE U.S.D.A. IN FEBRUARY AND  
MARCH, 1971

IV. Members of Congress who contacted members of the White House staff by letter, telephone, or in person urging an increase in the price support level.

A. Representatives

Albert (D-Okla.)	3/04/71 and later contact
Blanton (D-Tenn.)	3/03/71
Belcher (R-Okla.)	prior to 3/22/71
Duncan (R-Tenn.)	3/03/71
Griffin (R-Mich.)	3/11/71
Jones (D-Tenn.)	2/26/71
Mills (D-Ark.)	3/04/71 (telephone & later contact)
Thompson (R-Ga.)	3/03/71

B. Senators

Miller (R-Ia.)	3/09/71
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20. On or about March 3, 1971 the Department of Agriculture concluded that an increase in milk price supports above the then current level of \$4.66 per hundredweight (cwt) (approximately 79% of parity) was not economically justified to assure an adequate supply of milk. Between March 3, 1971 and March 12, 1971 the President, Ehrlichman, Ehrlichman's assistant for agricultural matters John Whitaker, Counsel to the President for Congressional Relations Clark MacGregor, Office of Management and Budget Director George Shultz, and other White House, OMB, and Council of Economic Advisors officials discussed the Department of Agriculture's decision. On March 10, 1971 Colson sent Ehrlichman a memorandum stating that because of the obvious political support they had discussed, affirmative action should be taken on certain cheese imports in order to counteract the effect of the parity level announcement.

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Mr. McCracken & Mr. Houthakker

3/3/71

Gary Seevers

Dairy Price Support

This is Dairy Week in Washington!

The prime issue today is the price support level for manufacturing milk. The Department of Agriculture phoned this morning and said they were sending materials to CEA-OMB that recommended the same support level for the marketing year beginning April 1, 1971 as the present year. They are also recommending a lower support for butter, offset by a higher support for nonfat dry milk, in order to bring relative prices of the supported dairy products more in line with their market demands.

Agriculture wants to make an announcement later today. Their reason for not following the 10-day rule is that this particular issue is so politically-charged that even to circulate papers and allow them to "ferment" would generate intense political pressure. After participating in the cheese import issue which is subject to the same political forces, I agree with Agriculture's strategy.

Should we support Agriculture's Recommendation

The dairy support level has been raised as follows in recent years:

	<u>\$ per 100 lbs.</u>	<u>Percent of Parity*</u>
1965	\$3.24	75
1966	4.00	89
1967	4.00	87
1968	4.28	89
1969	4.28	83
1970	4.66	85
1971 (recommendation)	4.66	80

\*Legal range: 75-90 percent

There is no economic case for raising the support in 1971. Dairy production is rising in response to higher prices while consumption is

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lagging; the Commodity Credit Corporation is purchasing more dairy products to support prices and the high domestic prices have encouraged imports to grow despite the restrictive quotas on many types of dairy imports.

While it would be consistent with the Council's position on agricultural policy to advocate a lower price support, the best that can be hoped for in this situation is to hold the line. If the support price is raised, it will be directly reflected in consumer prices for dairy products after April 1.

Courses of Action

1. Refuse to respond on such short notice.
2. Respond directly to Agriculture (probably call Secretary Hardin).
3. Respond to OMB (probably call Shultz who is directly involved in this issue and give him our position or ask to participate in the final decision).

I would recommend that we join Agriculture and OMB (I believe they will agree on \$4.66) on this issue. A unified position by the three agencies could have a chance to offset the political pressure for raising the support price.

cc: HS  
SJ

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WH

Mr. McCracken &amp; Mr. Houthakker

3/3/71

Gary Seevers

Dairy Price Support

001071

This is Dairy Week in Washington!

The prime issue today is the price support level for manufacturing milk. The Department of Agriculture phoned this morning and said they were sending materials to CEA-OMB that recommended the same support level for the marketing year beginning April 1, 1971 as the present year. They are also recommending a lower support for butter, offset by a higher support for nonfat dry milk, in order to bring relative prices of the supported dairy products more in line with their market demands.

Agriculture wants to make an announcement later today. Their reason for not following the 10-day rule is that this particular issue is so politically-charged that even to circulate papers and allow them to "ferment" would generate intense political pressure. After participating in the cheese import issue which is subject to the same political forces, I agree with Agriculture's strategy.

#### Should we support Agriculture's Recommendation

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1968	4.28	89
1969	4.28	83
1970	4.66	85
1971 (recommendation)	4.66	80

\*Legal range: 75-90 percent

There is no economic case for raising the support in 1971. Dairy production is rising in response to higher prices while consumption is

2

lagging; the Commodity Credit Corporation is purchasing more dairy products to support prices and the high domestic prices have encouraged imports to grow despite the restrictive quotas on many types of dairy imports.

While it would be consistent with the Council's position on agricultural policy to advocate a lower price support, the best that can be hoped for in this situation is to hold the line. If the support price is raised, it will be directly reflected in consumer prices for dairy products after April 1.

Courses of Action

001072

1. Refuse to respond on such short notice.
2. Respond directly to Agriculture (probably call Secretary Hardin)
3. Respond to OMB (probably call Shultz who is directly involved in this issue and give him our position or ask to participate in the final decision).

I would recommend that we join Agriculture and OMB (I believe they will agree on \$4.66) on this issue. A unified position by the three agencies could have a chance to offset the political pressure for raising the support price.

cc: HS  
SJ

WH

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 4, 1971

MEMORANDUM FOR MR. SHULTZ  
MR. EHRLICHMAN

SUBJECT: Decisions on Dairy Problems

Dairy interests are pressuring the Administration for action on three related issues. To a certain extent, we have been treating these questions separately. They should be decided as a package.

The three issues are:

- do we restrict imports of cheeses above 47¢ per pound (price-break cheese);
- do we raise the price support level for milk from \$4.66 to \$5.05 per hundredweight;
- do we have Agriculture purchase large quantities of cheese for the school lunch and commodity distribution programs.

001207

WM  
These three issues are related because an increase in the support price would mean higher prices and larger production which could only be sustained through increased Government purchases and import controls on foreign supply. Alternatively, we could think about the interrelationships in reverse sequence. Controlling imports (supply) and increasing purchases (demand) will increase market prices which in turn would allow dairy interests to argue that support prices could be increased without increasing budget costs. Thus, raising the milk price support level aggravates the cheese import problem. Indeed, cheese import problems have already been exacerbated by last year's price support increase. Even so, imports of dairy products represent a very small proportion of dairy business in the U.S. compared to many other sectors of our economy.

If we accede to the dairy interests on these three issues, the result would be higher budget costs, increased production and surpluses of milk products (see table). Next year at this time the President would surely be faced with a choice between even larger surpluses or a decrease in the support price, an unhappy choice in an election year. In addition, such a combination of actions would most likely lead to retaliation against U.S. agricultural exports. This could bring lower farm income and larger surpluses in non-dairy commodities as well.

	<u>FY71</u>	<u>FY72</u>	
	\$4.66	\$4.66	\$5.05
	<u>spt. price</u>	<u>spt. price</u>	<u>spt. pri</u>
CCC purchases (bil. lbs.)	6.7	6.5	7.8
Budget costs (mil \$)	\$380	\$390	\$500+

001293

	<u>Budget</u>	<u>Proposed</u>		<u>Budget</u>	<u>Proposed</u>
Cost of cheese purchases	-	\$10		-	\$39

Dairy farm income is now at an all-time high of \$6.5 billion and is projected to rise to \$6.6 billion next year with no change in the milk price support level. Last year's price support increase was the largest ever (budget cost of \$100 million per year). Further increases this year would not only lead to surpluses and an unhappy political choice next year, but would be inflationary and probably not even be in the dairymen's best interest when the need to develop export and domestic markets is taken into account. Dairy interests are by no means of one mind on these issues. Some believe a price increase now would greatly depress demand for products for which substitutes exist. For example, I understand Rep. Quie (a dairy farmer himself) strongly opposes an increase in the price support level at this time.

The proposed cheese purchases would increase budget costs by \$10 million in FY 71 and \$39 million in FY 72 (see table). Agriculture (believing the White House wanted it) has already announced that \$6 million (unbudgeted) worth of cheese would be distributed in FY 71. This will be the first distribution of cheese for the school lunch program in 16 months. All cheese purchased through the price support program has been distributed to needy families. The states have purchased large quantities of cheese for school lunches. The amount proposed for federal purchase in FY 72 (unbudgeted) is about double what the states have been buying.

Secretary Hardin strongly urges holding the line on the price support level. He wants to announce this position as soon as possible but wants Presidential approval first. He also proposes simultaneously announcing the purchase of cheese for the school lunch program and an intent to purchase "substantial quantities" in the future. He clearly feels under pressure, partly from the White House, to include the quoted language.

Pete Peterson has been working on the price-break cheese problem. He may support the recommendation of the Task Force on Agricultural Trade that the President direct the Tariff Commission to investigate this problem. I understand he has some wrinkles to his proposal with which I am not fully familiar. Perhaps these features would reduce the likelihood that the Tariff Commission recommendations will force the President into protectionist actions.

I recommend that we package up the following for announcement as soon as possible:

1. holding the line on the price support level,
2. purchasing moderate quantities of cheese for this year's school lunch program but with no commitment to large future purchases,
3. directing the Tariff Commission to study the price-break cheese support problem.

001203

WH

Hyde Murray believes that this package would be quite—  
satisfactory to Representatives Poage and Belcher. Clarence  
Palmby believes strongly that it would satisfy Wilbur Mills.  
John Whitaker concurs.

If at all possible the announcement should be made late  
in the day Friday or first thing Monday to minimize any  
appearance of manipulation of commodity markets (the Green  
Bay cheese market is open Friday only).

Donald B. Rice  
Assistant Director

001210

WHL

23

JCW:

Ehrlichman thinks something should  
be done about this today. Tod wants  
to know if you are, or want to be,  
involved in it. He would like your  
advice.

sa

*Has this been  
taken care of?  
get Vico*

001206

WH

MEMORANDUM ✓

27

THE WHITE HOUSE

WASHINGTON

March 5, 1971

MEMORANDUM FOR:

JOHN EHRLICHMAN  
GEORGE SHULTZ

FROM:

CLARK MacGREGOR

001217

SUBJECT:

Discussion on Dairy Problems

I have before me Don Rice's four-page memo to Messrs. Shultz and Ehrlichman dated March 4th. At the bottom of Page 2 Don Rice states that Representative Al Quie (R-Minn) "strongly opposes an increase in the price support level at this time." This is not correct. On the basis of several personal conversations, the latest being late yesterday, what is correct is that Al Quie does not feel that it is necessary or advisable not to announce support levels at 85% of parity. Al Quie would be seriously embarrassed in his district were it to become known that he strongly opposes the 85% position taken by Speaker Albert and Congressmen Mills and Byrnes. What Al said to me was, "The Land O'Lakes position is a sound one, but I am not saying that for publication."

On Page 4 of the Rice memo it is stated, "Clarence Palmby believes strongly that it [the Rice-recommended package] would satisfy Wilbur Mills." This is not correct. Wilbur Mills has urged me more than a half a dozen times in the last three weeks to urge the President to announce the 85% of parity price support level; the latest Mills appeal to me was by phone late in the afternoon of March 4th.

cc: Don Rice  
Pete Peterson  
John Whitaker

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House Judiciary Committee staff

EXECUTIVE OFFICE OF THE PRESIDENT  
Office of Management and Budget  
Washington, D. C. 20503

March 5, 1971

MEMORANDUM FOR MR. SHULTZ

SUBJECT: Further Information on Dairy Problems

As you requested, the enclosed table displays price "support levels, parity rates, budget costs and CCC purchases. The table also shows the rising trend of dairy farm income.

Even if the President decides to delay action at this time on cheese imports so that this question can be handled as part of a broader policy on international trade, I recommend no increase in the milk price support level this year. Increased purchases of cheese should be enough to give the dairymen this year. My reasons are detailed below.

-- As the enclosed table indicates, dairy farm income is at an all-time high and rising. Income is not directly related to the parity rate. Parity dropped from 89% in 1968 to 83% in 1969 while income rose as shown in the table. Last year's increase to 85% parity brought about an even greater spurt in gross income. Net income figures for 1970 are not available but will certainly show a substantial increase.

-- Another increase this year on top of last year's large increase would be contrary to the Administration's policy of greater reliance on expanding markets to provide the basic underpinning to farm income. Consumption per capita has been declining. Another increase this year would accelerate that trend.

-- According to Hyde Murray, there are responsible voices in the dairy business who do not want an increase this year; for example, the Badger Co-op in Wisconsin and Land o' Lakes Co-op in Minnesota, two large independents, oppose an increase. So does the Farm Bureau. Wisconsin and Minnesota are, of course, areas that would be most directly affected.

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-- Production response to higher dairy prices takes time. The full effects of last year's increase have not yet been seen. Therefore, there is some likelihood that any price increase this year will face the President with a choice next year of, at best, being forced to hold the line or, at worst, having to reduce the price support level.

-- The heavy pressure for an increase is coming from the Associated Milk Producers, Inc. This is a near-cartel formed by merging about 60 smaller co-ops into 8 larger ones. This organization is trying to control supply and administer prices, particularly of fluid milk for home consumption. They restrict supply by operating their own processing plants which can convert fluid milk to butter, non-fat dry milk or cheese (for sale to the CCC if necessary) thus propping up the price of fluid milk. A price support increase would reward AMPI activities. I understand that the FTC and Justice are taking a hard look at this situation.

-- A small increase in the price support level would not mollify the AMPI. It would be seen as tokenism. We have to make up our mind whether we want to rely on markets for more farm income or else make a big enough increase in price supports to have a real affect on income.

-- Any increase in the price support level will increase consumer prices for dairy products, attract imports and exacerbate the price-break cheese problem.

-- Parity is driven by the prices farmers pay, without an offset for productivity. After last year's big price support increase, it's time to share some of the fruits of productivity gains with consumers.

-- A price support increase would cause higher budget costs and greater surpluses as shown in the enclosed table.

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If at all possible, the decision should be made in time to be announced first thing Monday so as to resolve the matter before the AMPI campaign builds any bigger head of steam than it already has.

Signed

Donald B. Rice  
Assistant Director

P.S. For your information, the price of cheese has risen 4-5¢ a pound (8-10%) in the last three weeks in response to the speculation and announcements about larger Government cheese purchases.

cc: Mr. Ehrlichman  
Mr. Peterson  
Mr. MacGregor  
Mr. Whitaker

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SCHEDULE OF PRICE SUPPORT LEVELS AND COSTS

<u>Price Support Level</u>	<u>% of Parity</u>	<u>Budget Cost</u>	<u>CCC Purchases</u>
\$4.52 per CWT	78.0%	\$280 mil	4.6 bil. lbs.
\$4.66	80.5	\$386	6.5
\$4.75	82.0	\$415	6.8
\$4.85	83.8	\$430	7.0
\$4.92	85.0	\$445	7.2
\$5.05	87.2	\$500	7.8
\$5.21	90.0	\$595	9.4

DAIRY INCOME

	<u>Gross Income</u>	<u>Net Income Per Dairy Farm</u>
1968	\$6.0 bil	\$15,700
1969	\$6.2	\$17,400
1970	\$6.5	N/A
1971	\$6.6 *	N/A

\* projected at \$4.66 price support level

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

John E.

20

March 5, 1971

001200

(22)

MEMORANDUM FOR MR. SHULTZ

SUBJECT: Further Information on Dairy Problems

As you requested, the enclosed table displays price "support levels, parity rates, budget costs and CCC purchases. The table also shows the rising trend of dairy farm income.

Even if the President decides to delay action at this time on cheese imports so that this question can be handled as part of a broader policy on international trade, I recommend no increase in the milk price support level this year. Increased purchases of cheese should be enough to give the dairymen this year. My reasons are detailed below.

-- As the enclosed table indicates, dairy farm income is at an all-time high and rising. Income is not directly related to the parity rate. Parity dropped from 89% in 1968 to 83% in 1969 while income rose as shown in the table. Last year's increase to 85% parity brought about an even greater spurt in gross income. Net income figures for 1970 are not available but will certainly show a substantial increase.

-- Another increase this year on top of last year's large increase would be contrary to the Administration's policy of greater reliance on expanding markets to provide the basic underpinning to farm income. Consumption per capita has been declining. Another increase this year would accelerate that trend.

-- According to Hyde Murray, there are responsible voices in the dairy business who do not want an increase this year; for example, the Badger Co-op in Wisconsin and Land o' Lakes Co-op in Minnesota, two large independents, oppose an increase. So does the Farm Bureau. Wisconsin and Minnesota are, of course, areas that would be most directly affected.

-- Production response to higher dairy prices takes time. The full effects of last year's increase have not yet been seen. Therefore, there is some likelihood that any price increase this year will face the President with a choice next year of, at best, being forced to hold the line or, at worst, having to reduce the price support level.

-- The heavy pressure for an increase is coming from the Associated Milk Producers, Inc. This is a near-cartel formed by merging about 60 smaller co-ops into 8 larger ones. This organization is trying to control supply and administer prices, particularly of fluid milk for home consumption. They restrict supply by operating their own processing plants which can convert fluid milk to butter, non-fat dry milk or cheese (for sale to the CCC if necessary) thus propping up the price of fluid milk. A price support increase would reward AMPI activities. I understand that the FTC and Justice are taking a hard look at this situation.

-- A small increase in the price support level would not mollify the AMPI. It would be seen as tokenism. We have to make up our mind whether we want to rely on markets for more farm income or else make a big enough increase in price supports to have a real affect on income.

001201

-- Any increase in the price support level will increase consumer prices for dairy products, attract imports and exacerbate the price-break cheese problem.

-- Parity is driven by the prices farmers pay, without an offset for productivity. After last year's big price support increase, it's time to share some of the fruits of productivity gains with consumers.

-- A price support increase would cause higher budget costs and greater surpluses as shown in the enclosed table.

WV

If at all possible, the decision should be made in time to be announced first thing Monday so as to resolve the matter before the AMPI campaign builds any bigger head of steam than it already has.

Signed

Donald B. Rice  
Assistant Director

P.S. For your information, the price of cheese has risen 4-5¢ a pound (8-10%) in the last three weeks in response to the speculation and announcements about larger Government cheese purchases.

cc: Mr. Ehrlichman ✓  
Mr. Peterson  
Mr. MacGregor  
Mr. Whitaker

001202

WH

20.4 ATTACHMENT TO DONALD RICE MEMORANDUM

SCHEDULE OF PRICE SUPPORT LEVELS AND COSTS

<u>Price Support Level</u>	<u>% of Parity</u>	<u>Budget Cost</u>	<u>CCC Purchases</u>
\$4.52 per CWT	78.0%	\$220 mil	4.6 bil. lbs.
\$4.66	80.5	\$386	6.5
\$4.75	82.0	\$415	6.8
\$4.85	83.8	\$430	7.0
\$4.92	85.0	\$445	7.2
\$5.05	87.2	\$500	7.8
\$5.21	90.0	\$595	9.4

001203

DAIRY INCOME

	<u>Gross Income</u>	<u>Net Income Per Dairy Farm</u>
1968	\$6.0 bil	\$15,700
1969	\$6.2	\$17,400
1970	\$6.5	N/A
1971	\$6.6 *	N/A

\* projected at \$4.66 price support level

WH

THE WHITE HOUSE

WASHINGTON

Recommendation -- stick with Rice's recommendation. We could raise the price and prices fall from oversupply then we would have to cut price support in '72 and be in real trouble. Let's stick where we are and see what happens to the parity % for this year.

I've given Hyde Murray Senator Miller position -- he doesn't buy it either and agrees with Rice's recommendation.

JCW

001216

THE WHITE HOUSE  
WASHINGTON

Date: 3/5/71  
12:15 PM

001214

TO: J.E.

FROM: JOHN C. WHITAKER

*Recommends 1 in -  
stick with Rice  
recommends 4 in  
we could raise  
the price and prices  
fall from overvalued  
then we could have  
to cut prices support  
in '72 and be in  
the*

real trouble. Let's  
stick where we are  
and see what  
happens to the  
party % for these  
years.

001215

I've given  
Hilde ~~Wasserman~~  
several letters pointing -  
he doesn't know I  
either and agree  
with Alice's ~~recommendation~~  
J.C. Whitaker

WH

THE WHITE HOUSE  
WASHINGTON

EYES ONLY

March 10, 1971

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: CHARLES W. COLSON

My reasons for believing that we should take affirmative action on cheese imports at the same time parity levels are announced are as follows:

- p01301
1. The obvious political support we discussed.
  2. There is deep and growing disenchantment in the farm belt. The dairy segment has been one that has been with us. A negative parity decision and negative imports decision will have severe repercussions.
  3. The leaders of the dairy industry can "sell" to the farmers no increase in parity if they can say that the importation of milk substitutes, like cheese, will be controlled.
  4. Merely saying that it is going to the Tariff Commission will be recognized as a stall giving our people no handle to use with the farmers.
  5. On the merits this is not the typical trade problem. Historically, in the statutes and government actions, the government has always tried to bar imports of products that are subject to agricultural price support inasmuch as free importation would result in the U.S. merely supporting the world market; hence, this would not be a trade action but rather an action to preserve the integrity of the price support program.

There was some reason for the dairy industry to believe last December that Hardin would ask for an emergency proclamation on dairy imports. If we do not take decisive action and keep present parity levels, we are going to catch a lot of political hell. Later action on the imports, which will have to come, probably will not then be enough to undo the damage to our political posture; we will be under more pressure than ever to increase parity later; hence, a blocking action now could be a lot less painful than trying to repair the damage later. This is one on which we should take the long view.

Mr. Harlischman would like you to  
look at this and then talk with  
him about it. \

59

3/11 - 6:40

001300

WHL

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House Judiciary Committee staff

March 20, 1971

MEMORANDUM FOR THE STAFF SECRETARY

Subject: Report on the President's Meeting with  
Secretary Connally, Dr. Burns, Mr. Shultz  
and Dr. McCracken on March 5 at 11:00 a.m.

The following items were discussed:

- 1) Paul McCracken reported on the economy and noted that the employment picture was mixed despite the decline in February in unemployment. The President insisted on the importance of not expressing a lack of confidence. Arthur Burns took issue with the President on the grounds that too much confidence talk would present a lack of credibility. The President responded that the situation was parallel to the war and the drive of the press to see to it that we do not succeed and argued that confidence would help the economy up, particularly since we are doing the right thing and believe that the substance of the situation is good.
- 2) Arthur Burns expressed his objections to public criticism by Administration officials of the Federal Reserve. The President pointed out that the Fed criticizes the Administration on every side and that we can't have a one-way street. He also reminded Dr. Burns of developments in 1967 when Burns and the President were both trying to get the Federal Reserve to loosen up on money because of the very soft economic situation, and Burns' dissatisfaction at that time with the way the Federal Reserve was behaving.
- 3) John Connally made the point to Burns that there was a need to drive interest rates down further especially insofar as individuals and small firms are concerned. Burns pointed out that the corporate rate has lately gone up about a percentage point as a result of the fact that lower interest rates were attracting a large volume of corporate offerings. He agreed with Connally that interest rates would probably go lower and that it would be important to say so. He said that he would say so in his testimony next week.

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House Judiciary Committee staff

Indistinct document retyped by  
House Judiciary Committee staff

4) Connally brought up the problem of the DuPont brokerage firm. All agreed that a strong effort should be made to keep the firm from going bankrupt. Burns remarked that much reform was needed but that this was not the time for it since a failure of a firm of this size would weaken confidence in the economy.

5) The President noted the importance of having a Domestic Council committee on the subject of antitrust laws and emphasized his view of the importance of allowing companies to merge or be acquired if that was a way of saving them.

6) There was also a discussion of dairy prices and the strong pressure to raise dairy prices coming from the dairy lobby. Burns argued strongly for doing everything possible to keep the prices from rising insofar as the consumer is concerned.

7) With regard to the Lockheed problem, Connally noted that the British proposal recently made to Lockheed was not acceptable but that negotiations between Lockheed and the British were continuing. Connally was maintaining a flow of information but not taking any government position in the situation. He also noted the possibility of a McDonnell Douglas takeover of Lockheed, giving his opinion that this would help salvage the situation that occurred.

8) The President spoke about the need to pay more attention to the problems of the airlines. He noted that many in the Administration are working on it but all have many other things to do and raised the possibility of an outsider with high prestige being brought in to spend fulltime for a few months helping get the situation straightened out. He mentioned the names of Tom Dewey, Bert Gross, Bob Tyson, Penlo Smith, Walter Thayer, and Fred Donner. Shultz was given the assignment of developing some recommendations on what to do and how to do it.

"Signed and Mailed"

George P. Shultz

Indistinct document retyped by  
House Judiciary Committee staff

001297

March 20, 1971

MEMORANDUM FOR THE STAFF SECRETARY

Subject: Report on the President's Meeting with  
Secretary Connally, Dr. Burns, Mr. Shultz  
and Dr. McCracken on March 5 at 11:00 a.m.

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1) Paul McCracken reported on the economy and noted that the employment picture was mixed despite the decline in February in unemployment. The President insisted on the importance of not expressing a lack of confidence. Arthur Burns took issue with the President on the grounds that too much confidence talk would present a lack of credibility. The President responded that the situation was parallel to the war and the drive of the press to see to it that we do not succeed and argued that confidence would help the economy up, particularly since we are doing the right thing and believe that the substance of the situation is good.

2) Arthur Burns expressed his objections to public criticism by Administration officials of the Federal Reserve. The President pointed out that the Fed criticizes the Administration on every side and that we can't have a one-way street. He also reminded Dr. Burns of developments in 1950 when Burns and the President were both trying to get the Federal Reserve to loosen up on money because of the very soft economic situation, and Burns' dissatisfaction at that time with the way the Federal Reserve was behaving.

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WH

4) Connally brought up the problem of the Enron brokerage firm. All agreed that a strong effort should be made to keep the firm from going bankrupt. Burns remarked that much reform was needed but that this was not the time for it since a failure of a firm of this size would weaken confidence in the economy.

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001298

"SIGNED AND MAILED"

George P. Shultz

SPS/ch

cc:

DO Records

Director's Chron

Director

(64252)

WH



21. On March 12, 1971 Secretary of Agriculture Hardin, finding that the price support level of \$4.66 per cwt. would assure an adequate supply and otherwise fully meet the applicable statutory criteria, set the milk price support level for the marketing year April 1, 1971 - March 31, 1972 at \$4.66 (approximately 79% of parity). In the same press release announcing the price support decision, the Department of Agriculture noted that the President had ordered the Tariff Commission to conduct an immediate investigation on restricting cheese imports and it announced purchase of cheese for the USDA food program. According to a memorandum by Whitaker, the President approved this announcement on March 12, 1971 on the recommendation of Hardin, Shultz, Ehrlichman and Special Assistant to the President for International Economic Affairs Peter Peterson.

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21.1 Agriculture Act of 1949, 7 USC 1446, 1426. ....	390
21.2 United States Department of Agriculture press release, March 12, 1971 (received from White House). ....	392
21.3 Memorandum from John Whitaker to the President, March 22, 1971 (received from White House). ....	396
21.4 President Nixon remarks, November 17, 1973, 9 Presidential Documents 1345, 1355. ....	398

able on such crop only to producers who comply with the provisions of such program. (Oct. 31, 1949, ch. 792, title I, § 107, as added Sept. 27, 1962, Pub. L. 87-703, title III, § 325(1), 76 Stat. 630, and amended Apr. 11, 1964, Pub. L. 88-297, title II, § 203, 78 Stat. 182; Nov. 3, 1965, Pub. L. 89-321, title V, § 506, 79 Stat. 1203; Oct. 11, 1968, Pub. L. 90-559, § 1(1), 82 Stat. 996; Nov. 30, 1970, Pub. L. 91-524, title IV, § 401, 84 Stat. 1362.)

## AMENDMENTS

1970—Pub. L. 91-524 provided for loans on wheat at such levels not in excess of the parity price as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains, provided that, if a set-aside program is in effect, program benefits would be made available only to producers who comply with such set-aside program, and placed a floor on the loan of \$1.25 per bushel.

1968—Subd. (2). Pub. L. 90-559 provided for a one year extension through 1970.

1965—Pub. L. 89-321 raised the wheat support level to 100 per centum of parity or as near to 100 per centum as the Secretary determines to be practicable, placed a floor of 100 per centum of parity for wheat accompanied by marketing certificates and \$1.25 for wheat not so accompanied under the 1966 crop, guaranteed to cooperators for 1967 through 1969 crops a total average rate of return per bushel of not less than the total average rate of return per bushel made available to cooperators through loans and domestic marketing certificates for the 1966 crop where the diversion factor is not less than 10 per centum, and eliminated reference to classification as cooperators of producers who do not knowingly exceed the farm acreage allotment for wheat in cases where marketing quotas are not in effect.

1964—Subd. (1). Pub. L. 88-297 substituted "domestic certificates" for "marketing certificates."

Subd. (2). Pub. L. 88-297 added subd. (2). Former subd. (2) redesignated (3).

Subd. (3). Pub. L. 88-297 redesignated former subd. (2) as (3), deleted introductory clause "If marketing quotas are in effect for wheat", and inserted "not in excess of 90 per centum of the parity price therefor." Former subd. (3) redesignated (4).

Subd. (3). Pub. L. 88-297 redesignated former subd. (3) as (4). Former subd. (4) redesignated (5).

Subd. (5). Pub. L. 88-297 redesignated former subd. (4) as (5) and added the introductory phrase "Effective with respect to crops planted for harvest in the calendar year 1966 and any subsequent year." Former subd. (5) redesignated (6).

Subd. (6). Pub. L. 88-297 redesignated former subd. (5) as (6), deleted introductory clause "If marketing quotas are in effect for the crop of wheat", deleted from clause (1)(A) "or any other commodity" following "wheat", substituted in clause (1)(B) "the farm acreage allotment for wheat on any other farm on which the producer shares in the production of wheat" for "the farm acreage allotment on any other farm for any commodity in which he has an interest as a producer", inserted the phrase "Effective with respect to crops planted for harvest in the calendar year 1966 and any subsequent year," preceding "If marketing quotas", and added provision for deeming a producer as not having exceeded a farm acreage allotment for wheat if the production on the acreage in excess of the farm acreage allotment is stored pursuant to section 1379c(b) of this title, but making the producer ineligible to receive price support on the wheat so stored.

## EFFECTIVE AND TERMINATION DATES OF 1970 AMENDMENT

Section 401 of Pub. L. 91-524 provided in part that the amendment by Pub. L. 91-524 is effective only with respect to the 1971, 1972, and 1973 crops of wheat.

## EFFECTIVE AND TERMINATION DATE OF 1965 AMENDMENT

Section 606 of Pub. L. 89-321, as amended by Pub. L. 90-559, § 1(1), Oct. 11, 1968, 82 Stat. 996, provided in part that the amendment of this section by Pub. L. 89-321

shall be effective only with respect to the 1966 through 1970 crops.

## SUBCHAPTER III.—NONBASIC AGRICULTURAL COMMODITIES

## § 1416. Price support levels for designated nonbasic agricultural commodities.

The Secretary is authorized and directed to make available (without regard to the provisions of sections 1447 to 1449 of this title) price support to producers for tung nuts, honey, and milk as follows:

(a) Repealed. Aug. 28, 1954, ch. 1041, title VII, § 709, 68 Stat. 912.

(b) The price of tung nuts and honey, respectively, shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor: *Provided*, That in any crop year in which the Secretary determines that the domestic production of tung oil will be less than the anticipated domestic demand for such oil, the price of tung nuts shall be supported at not less than 65 per centum of the parity price therefor:

(c) The price of milk shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. Such price support shall be provided through purchases of milk and the products of milk. (Oct. 31, 1949, ch. 792, title II, § 201, 63 Stat. 1052; Aug. 28, 1954, ch. 1041, title II, §§ 203 (a), 204 (b), title VII, § 709, 68 Stat. 899, 912; Apr. 2, 1956, ch. 159, § 1, 70 Stat. 87; July 20, 1956, ch. 661, 70 Stat. 596; Aug. 28, 1958, Pub. L. 85-835, title V, § 503, 72 Stat. 996; Sept. 16, 1960, Pub. L. 86-799, 74 Stat. 1054; Nov. 30, 1970, Pub. L. 91-524, title II, § 202, 84 Stat. 1361.)

## AMENDMENTS

1970—Pub. L. 91-524 substituted "and milk" for "milk, butterfat, and products of milk and butterfat" in the provisions preceding subsec. (a) and, in subsec. (c), struck out provisions for butterfat price supports.

1960—Subsec. (c). Pub. L. 86-799 inserted the sentence "Notwithstanding the foregoing provisions, for the period beginning with September 16, 1960, and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

1958—Subsec. (b). Pub. L. 85-835 required the minimum support level of tung oil to be 65 per centum of parity whenever domestic production is less than anticipated domestic demand.

1956—Subsec. (c). Act July 20, 1956, which eliminated from the last sentence the words "as are" preceding "devoted," and substituted "children" for "underprivileged children on a public welfare or charitable basis".

Act Apr. 2, 1956 increased the amount authorized for fiscal year 1956 from \$50,000,000 to \$60,000,000, to authorize \$75,000,000 for each of the fiscal years 1957 and 1958, and permitted certain institutions devoted to the care and training of underprivileged children on a public welfare or charitable basis to share in the program.

1954—Opening par. Act Aug. 28, 1954, §§ 203 (a), 709, removed Irish potatoes and wool (including mohair) from the price support list.

Subsec. (a). Act Aug. 28, 1954, § 709, deleted subsec. (a) relating to the support of wool and mohair.

Subsec. (b). Act Aug. 28, 1954, § 203 (a), deleted reference to Irish potatoes.

Subsec. (c). Act Aug. 28, 1954, § 204 (b), provided for the disposal of surplus dairy stocks owned by the CCC.

of Title 12, Banks and Banking, and section 713a-4 of Title 15, Commerce and Trade.

Section 1302 of this title was repealed by act Oct. 31, 1949, ch. 792, title IV, § 414, 63 Stat. 1057.

Section 1322 of this title was repealed by act Aug. 28, 1954, ch. 1041, title III, § 304, 68 Stat. 902.

#### AMENDMENTS

1959—Pub. L. 85-835 authorized the Commodity Credit Corporation to acquire title to agricultural commodities on which nonrecourse price-support loans have been made without the necessity of computing and making payments to the farmer.

#### EXCEPTIONS FROM TRANSFER OF FUNCTIONS

Functions of the Corporations of the Department of Agriculture, the boards of directors and officers of such corporations; the Advisory Board of the Commodity Credit Corporation; and the Farm Credit Administration or any agency, officer or entity of, under, or subject to the supervision of the said Administration were excepted from the functions of officers, agencies and employees transferred to the Secretary of Agriculture by 1953 Reorg. Plan No. 2, § 1, effective June 4, 1953, 18 F. R. 3219, 67 Stat. 633, set out as a note under section 2201 of this title.

#### § 1426. Advance announcement of price support levels: reduction of levels.

The Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this Act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support when determined, is less than the level so announced. (Oct. 31, 1949, ch. 792, title IV, § 406, 63 Stat. 1055.)

#### REFERENCES IN TEXT

This Act, referred to in text, has been classified to this chapter and sections 612c, 1301 (a) (1) (B), (C), (G), (b) (1) (B), (b) (3) (B), (b) (9), (b) (10) (A), (C), (b) (16) (A), (C), 1302, 1322 (a), 1328, 1343, 1344 (f) (3), 1345, 1353—1356 of this title, sections 1134c and 1134j of Title 12, Banks and Banking, and section 713a-4 of Title 15, Commerce and Trade.

Section 1302 of this title was repealed by act Oct. 31, 1949, ch. 792, title IV, § 414, 63 Stat. 1057.

Section 1322 of this title was repealed by act Aug. 28, 1954, ch. 1041, title III, § 304, 68 Stat. 902.

#### § 1427. Sale of farm commodities; policies and rates of sale; exceptions; use of commodities to relieve distress.

The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges: *Provided*, That effec-

tive with the beginning of the marketing year for the 1961 crop, the Corporation shall not sell any upland or extra long staple cotton for unrestricted use at less than 15 per centum above the current support price for cotton plus reasonable carrying charges, except that the Corporation may, in an orderly manner and so as not to affect market prices unduly, sell for unrestricted use at the market price at the time of sale a number of bales of cotton equal to the number of bales by which the national marketing quota for such marketing year is reduced below the estimated domestic consumption and exports for such marketing year pursuant to the provisions of section 1342 of this title: *Provided further*, That beginning August 1, 1964, the Commodity Credit Corporation may sell upland cotton for unrestricted use at not less than 105 per centum of the current loan rate for such cotton under section 1444(a) of this title plus reasonable carrying charges: *Provided*, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States including the Virgin Islands declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under sections 1855 to 1855g of Title 42 and shall make feed owned or controlled by it available at any price not less than 75 per centum of the current basic county loan rate (or a comparable price if there is no current basic county loan rate) for assistance in the preservation and maintenance of foundation herds of cattle (including producing dairy cattle), sheep and goats, and their offspring, in any area of the United States including the Virgin Islands where, because of flood, drought, fire, hurricane, earthquake, storm, disease, insect infestation, or other catastrophe in such areas, the Secretary determines that an emergency exists which warrants such as-

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, March 12, 1971

Secretary Hardin Announces Milk Support, Dairy Purchase Prices for 1971-72:

Secretary of Agriculture Clifford M. Hardin today announced the support price for manufacturing milk will be \$4.66 per hundredweight in the 1971-72 marketing year beginning April 1, 1971. This is the same as for the present marketing year.

A year ago the dairy price support was increased by 38 cents per hundredweight. Secretary Hardin said "this was the biggest increase that has ever been made at the beginning of a marketing year. This was done because milk production was declining, and it was in keeping with our obligation under the statutes to provide sufficient milk supplies for the 1970's". Following this increase, milk production moved upward in 1970.

In making this announcement, the Secretary said he realized that some dairymen believe that the support price should be increased. However, after careful review of the situation and the provisions of the law, Secretary Hardin declared that he felt today's action was in the long-term best interests of the dairy producers.

"The long time well being of dairymen," the Secretary declared, "requires that prices be kept at levels which will permit the overwhelming proportion of milk to clear through commercial markets. Dairymen, like all farm producers, are faced with increased costs. But they know from past experience that they do not benefit when dairy production substantially exceeds demand and excessive surpluses pile up in Government warehouses. We must avoid this."

The Secretary also announced that it will be necessary to purchase cheese during the coming months for use in USDA food programs. With these purchases, Secretary Hardin said that he believed that producer prices for milk would be strengthened. In this connection, the Secretary pointed out that on March 10 more than 2.5 million pounds of cheese was purchased and buying offers are continuing.

At the same time, the Secretary noted that the President has directed the Tariff Commission to conduct an immediate investigation under section 22 on the imports of Swiss or Emmentaler cheese, Gruyere-process cheese, and certain cheeses classified for tariff purposes as "Other" cheese having a purchase price of 47 cents per pound or more. The Secretary has recommended to the President that this action be taken in view of the sharp increase in 1970 of the imports

(more)

- 2 -

of these cheeses and the need to protect the price support for milk in the face of these increasing imports. The Tariff Commission has been directed to examine the feasibility of continuing the present price break system of controls at different specified price levels, including price levels which may fluctuate with the support price of milk as well as the feasibility of quotas for cheeses at all price levels.

The Agricultural Act of 1970 suspended until April 1, 1974, the mandatory requirement to support butterfat in farm-separated cream. However, Commodity Credit Corporation will continue to buy butter as well as nonfat dry milk and cheese to carry out the price support objective for manufacturing milk.

As a result of the change in the law, CCC's purchase prices for butter are reduced by about 2 cents per pound. The Secretary expressed the hope that the lower price for butter would result in higher commercial consumption and reduced CCC purchases and stocks. CCC now has large inventories of butter which total about 100 million pounds. The lower butter price is being offset by an increase of 1.2 cents a pound in the purchase price of nonfat dry milk. This combination of butter and powder prices will enable manufacturing plants to pay farmers, on the average, the support price of \$4.66 per hundredweight for milk.

Prices received by farmers for manufacturing milk (adjusted to average milkfat content) averaged \$4.72 per hundredweight during April 1970 - January 1971.

The support price is for milk of average milkfat content (approximately 3.67 percent).

(more)

-3-

The support buying prices for the 1971-72 marketing year will be:

	<u>Purchased and produced before April 1, 1971</u>	<u>Purchased on or after April 1, 1971</u>
	... cents per lb.	...

Butter, U.S. Grade A or higher:

New York, N.Y., and Jersey City and Newark, N.J.	70.75	68.75
California, Alaska, and Hawaii	70.00	67.75
Washington and Oregon	1/	67.75
Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, Georgia, Florida, and South Carolina	69.75	67.75

U.S. Grade B: 2 cents per pound less than for U. S. Grade A

The price of butter located at any other point will be the price at a designated market, either New York, Seattle, or San Francisco, less 80 percent of the lowest published domestic railroad freight rate per pound gross weight for a 60,000 pound carlot, in effect at the beginning of this marketing year, from such other point to the designated market named by the seller.

	<u>Produced before April 1, 1971</u>	<u>Produced on/or after April 1, 1971</u>
	... cents per lb.	...

<u>Cheddar cheese, U.S. Grade A or higher, standard moisture basis</u>	52.0	52.0
--	------	------

Nonfat dry milk (spray) U.S. Extra  
grade (but not more than 3.5 percent  
moisture):

50-pound bags, with sealed closures	27.2	26.4
--	------	------

1/ Calculated by use of freight rates.

USDA 343-71

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SUMMARY

Milk Price Support Program, 1971-72, MCP 98a

- A. The docket authorizes a milk price support program by establishing a price for manufacturing milk of \$1.60 per hundredweight, the same level as for the 1970-71 marketing year.
- B. The docket differs from prior years in that it does not provide for supporting butterfat in farm-separated cream. The requirement to support butterfat was suspended by the Agricultural Act of 1970.

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THE WHITE HOUSE  
WASHINGTON

March 22, 1971

001234

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Meeting with 18 Key Dairy Industry Personnel  
(Associated Milk Producers, Inc.)  
Cabinet Room  
Tuesday, March 23  
10:30 a.m. (70 minutes)

I. PURPOSE: To hear their views on recent decisions by the Administration on dairy products.

II. BACKGROUND:

The dairy lobby has become very strong -- a very large cooperative running from Minnesota through Texas -- which lately, have decided, like organized labor, to spend a lot of political money. Pat Hillings and Murray Chotiner, for example, are involved.

By April 1 each year, the Department of Agriculture announces their decision on milk price supports. The lobbying (Senators Miller and Curtis, Speaker Carl Albert, Wilbur Mills, etc.) has been intense this year. On March 12, you approved the recommendation of Secretary Hardin, George Shultz, John Ehrlichman and Pete Peterson, and USDA announced a three-part package to:

1. Hold the support price for manufactured milk at \$4.66 per hundred weight for the 1971-72 marketing year beginning April 1, 1971, (this is now about 80.5% of parity). The lobby wanted \$5.05 per hundred weight which would be about 87.2% of parity. The Administration was concerned that further increases in the price of milk (increased \$.38 or 9% last year) would result in over production, plus a possible penny-per-quart increase in the price of milk;

2. USDA announced purchase of cheese for the USDA food (school lunch) program;

WH

NOTE: INDISTINCT STAMP IN UPPER RIGHT HAND CORNER STATES "THE PRESIDENT HAS SEEN THIS."

- 2 -

3. USDA noted that you directed the Tariff Commission to conduct an immediate investigation under Section 22 on the imports of cheese because of the sharp 1970 increase in cheese imports and the need to protect the price supports for milk in the face of these increasing imports.

Finally, last week, Congress (at Carl Albert's instigation) started talk of introducing a bill to set milk prices at 85% of parity. Albert obviously sees "a good thing." Page Belcher is concerned that the Democratic leadership, to embarrass you, could get enough liberal support for the bill (in spite of the penny-per-quart increase in the price of milk from the consumer viewpoint) combined with rural Republican Congressmen who don't want to take the heat to pass the bill and confront you with a very tough veto situation.

John Ehrlichman, George Shultz, Don Rice, Henry Cashen and John Whitaker met with Secretary Hardin and Under Secretary Phil Campbell on this problem last Friday and recommended that you appear in this meeting to hold the line, listen to their arguments and then await developments on the bill in the next two weeks to see if the Democrats can move the bill.

001235

### III. ACTIONS REQUIRED:

Enter the Cabinet Room, go around the table meeting them (Harold Nelson, General Manager of Associated Milk Producers and David Parr are the two key "movers" although the Association President, John Butterbrodt will also be there. See Tab A for attendees). When you sit down, Secretary Hardin and Under Secretary Phil Campbell will be on your right and Mr. Butterbrodt on your left.

### IV. POINTS OF DISCUSSION:

You might wish to make an opening statement (see Tab B) and then toss the ball to Hardin.

Tab C is a Fact Sheet on the group prepared by Under Secretary Campbell.

*John E. Whitaker*

*Administration of Richard Nixon*

PRESIDENTIAL DOCUMENTS

*Week Ending Saturday, November 24, 1973*

Upper Great Lakes Regional  
Commission

*Announcement of Intention To Nominate  
Raymond C. Anderson To Be Federal Cochairman.  
November 16, 1973*

The President today announced his intention to nominate Raymond C. Anderson, of Maple City, Mich., to be Federal Cochairman of the Upper Great Lakes Regional Commission. He will succeed Thomas F. Schweigert, who became Alternate Federal Member of the Delaware River Basin Commission on September 6, 1973.

From 1969 to 1971, Mr. Anderson served as executive assistant to Michigan Gov. William G. Milliken. He has been retired since 1971 and was also retired from 1964 to 1969. From 1959 to 1964, he served as administrative assistant to then-Congressman Robert P. Griffin, from 1952 to 1959, he was administrative assistant to Senator Charles E. Potter of Michigan, and he was administrative assistant to Congressman Roy O. Woodruff of Michigan from 1937 to 1944 and from 1946 to 1952.

He was born on March 5, 1912, in Grand Rapids, Mich. Mr. Anderson was graduated from Grand Rapids Junior College in 1932. From 1944 to 1946, he served as an officer in the U.S. Navy.

NOTE: The announcement was released at Key Biscayne, Fla.

Associated Press Managing  
Editors Association

*The President's Remarks in a Question-and-Answer  
Session at the Association's Annual Convention in  
Orlando, Florida. November 17, 1973*

THE PRESIDENT. President Quinn and ladies and gentlemen:

When Jack Horner,<sup>1</sup> who has been a correspondent in Washington and other places around the world, retired after 40 years, he once told me that if I thought that the White House Press Corps answered (asked) tough questions, he (I) should hear the kind of questions the managing editors asked him. Consequently, I welcome this opportunity tonight to meet with the managing editors of the Nation's newspapers.

I will not have an opening statement because I know, with 400 of you, it will be hard to get through all of the questions you have, and I understand the President has a prerogative of asking the first question.

Mr. Quinn [John C. Quinn, Gannett Newspapers, and president, Associated Press Managing Editors Association]

WATERGATE AND THE FUTURE

Q. Mr. President, this morning, Governor Askew of Florida addressed this group and recalled the words of Benjamin Franklin. When leaving the Constitutional Convention he was asked, "What have you given us, sir, a monarch or a republic?" Franklin answered, "A republic, sir, if you can keep it."

Mr. President, in the prevailing pessimism of the lingering matter we call Watergate, can we keep that republic, sir, and how?

THE PRESIDENT. Well, Mr. Quinn, I would certainly not be standing here answering these questions unless I had a firm belief that we could keep the republic, that we must keep it, not only for ourselves, but for the whole world. I recognize that because of mistakes that were made, and I must take responsibility for those mistakes, whether in the campaign or during the course of an administration, that there are those who wonder whether this republic can survive. But I also know that the hopes of the whole world for peace, not only now, but in the years to come, rests in the United States of America. And I can assure you that as long as I am physically able to handle the position to which I was elected, and then reelected last November,

<sup>1</sup>Garnett D. (Jack) Horner was a reporter with the Washington Star from 1937 until his retirement in November 1973. Since 1974 he was White House correspondent for that newspaper.

What I probably will do is to do a little writing. I will not do any speaking. I have made enough speeches in a year to last most people for a lifetime, particularly my audiences.

And so, under the circumstances, what I probably will do will be do some writing, and perhaps contribute to bettering the political process. Let me just say this: Neither party is without fault in the campaign of 1972—quite a bit of violence on the other side, I never spoke anywhere without getting a pretty good working over.

Neither party was without fault with regard to the financing. They raised \$36 million, and some of that, like some of ours, came from corporate sources and was illegal because the law had been changed, and apparently people didn't know it.

And as far as Congressmen and Senators are concerned, they will all tell you that with the new laws and so forth, there ought to be some changes.

I think that if we can't get the Congress to act on the proposal I gave to them 6 months ago to provide a commission to set up new rules for campaign contributions—limiting them—new rules for campaign procedures, then after I leave office, I am going to work for that, because I don't want to be remembered as the man who maybe brought peace for the first time in 12 years, who opened to China, who opened to Russia, maybe avoided a war in the Mideast, maybe if we can continue it, cut unemployment down for the first time in 18 years, for the first time in peacetime it is down to 4½ percent. It was never at that level, never below 5 percent in the sixties, any time in the sixties, neither the Kennedy nor the Johnson Administration except during the war years.

I want to be remembered, I would trust, as a President that did his best to bring peace, and also did his best to bring a degree of prosperity, perhaps a contribution in the energy field, in the environmental field, but also one who did his best, when his own campaign got out of hand, to do everything possible to see that other campaigns didn't get out of hand in the future.

Now we will go to the milk case.

#### THE MILK CASE

MR. QUINN. Mr. President, APME would like to ask you about the milk case, but our 60-minute commitment of time has run out. APME appreciates your appearance before us this evening and we thank—

THE PRESIDENT. I will take the time. Televisions, keep me on just a minute. [Laughter]

Q. Thank you.

THE PRESIDENT. It is a lousy movie anyway tonight. [Laughter]

The reason the milk case question—and this will be the one I will take—ought to be asked, as it is, is that just some awful nice people are getting a bad rap about it. And I am not referring about myself. I am referring about people in the Administration. They have had John Connally

down. They have run him around the track. I guess they are going to have Cliff Hardin down, and Pete Peterson, and all the rest.

The whole charge is basically this: That this Administration, in 1971, raised the support price for milk as a quid pro quo for a promise by the milk producers that they would contribute substantial amounts, anywhere from \$100,000 to \$2 million to \$10 million, to our campaign.

Now that is just not true. I will tell you how it happened—I was there. Cliff Hardin, in the spring of that year, came in and said, "The milk support prices are high enough." I said, "All right, Cliff, that is your recommendation, the Department of Agriculture?" He said, "Yes." Within 3 weeks after he had made that announcement, Congress put a gun to our head.

Let me tell you what it was. Republicans? Uh-uh. One hundred and two members of Congress signed a petition demanding not 85 percent of parity, but a 90 percent support price, and 23 members of the Senate, most of them Democrats, including Senator McGovern, signed a petition demanding—a petition, or signed a bill, which would have made the milk support price between 85 and 90 percent.

So I talked to my legislative leaders, and I said, "Look here, what I am concerned about—what I am concerned about—is what people pay for that milk, and I don't want to have that price jiggered up here if we can keep it and get the supply with the present support price." You know what I was told. They said, "With the kind of heat that we are getting from the Congress, there is no way that you are not going to get on your desk a bill—and they will be able to override your veto—that will raise the support price probably to 90 percent." So, we said 85 percent.

And that is why it was done and that is the truth.

Well, thank you very much, gentlemen. I guess that is the end.

NOTE: The President spoke at 7 p.m. in the Contemporary Hotel, Walt Disney World, Orlando, Fla. His remarks were broadcast live on radio and television.

#### Robins Air Force Base, Georgia

*The President's Remarks Upon Arrival.  
November 18, 1973*

Thank you very much. Pat and I wish we could shake hands with every person who has been so very kind to come out and welcome us on this occasion, but it happens that downtown there is going to be a very special ceremony, as you know, for the 90th birthday of the man we affectionately call "Uncle Sam" Vinson. It also is the 100th anniversary, as I understand it, of the Mercer Law School.



22. From early March 1971 through March 25, 1971 dairy cooperative attorneys and representatives contacted Administration officials to urge that the President increase milk supports above the level set by Secretary Hardin. Murray Chotiner, who resigned as Special Counsel to the President on March 4, 1971 and was retained by AMPI shortly thereafter, spoke with John Ehrlichman, John Whitaker, Charles Colson, and Colson's assistant Henry Cashen to urge that the milk price support level be increased. Jake Jacobsen, another AMPI attorney, met with Secretary of the Treasury Connally. Bob Lilly, the secretary of AMPI's political trust, has testified that in March 1971 Secretary Connally told him that an increase in milk price supports was "in the bag." Connally has denied making this statement or meeting with AMPI officials between March 12, 1971 and March 25, 1971. AMPI representatives Nelson, Parr and Harrison have testified that campaign contributions were not discussed as a quid pro quo to the price support increase.

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22.1 MARION HARRISON MEMORANDUM, MARCH 19, 1971

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House Judiciary Committee staff

Marion  
Marion Edwin Harrison  
Gene Reeves  
Robert F. Sagle  
Myron Solter  
Judy R. Potter

LAW OFFICES  
REEVES & HARRISON  
SUITE 500  
1701 Pennsylvania Avenue, N.W.  
WASHINGTON, D.C. 20006  
TELEPHONE 202 298-9030  
Telex 440376 CROK  
CABLE "REEVLAW"

of counsel  
Murray M. Chotiner  
Patrick J. Hillings

March 19, 1971

MEMORANDUM TO THE HONORABLE JOHN C. WHITAKER

Re: 85% of Parity for Dairy Industry  
April 1, 1971

Goal. The dairy industry wanted the Secretary of Agriculture to set parity at \$5.05 per hundredweight, which equals 85% of parity, for the year beginning April 1, 1971.

Attitude of dairy industry. Parity was set at \$4.66, which then equalled 85%, in March 1970, effective April 1, 1970. To continue 85% of parity, it would be necessary to set the dollar price at \$5.05 to compensate for about 6% inflation. The dairy industry is vigorously opposed to cutting the parity ratio and thus wants parity set at \$5.05.

Attitude of Secretary. By statute the Secretary can set parity at any figure which equals from 75% to 90%. Last year Secretary Hardin favored 85%. Budget Director Mayo and others were opposed, on the ground it would cost too much. 85% won out. This year the Secretary leaned strongly against 85%. His reasoning was that (1) continued 85% parity would result in excessive production and (2) if need be for political reasons, parity could be raised back to 85% at a later date.

March 12, 1971 announcement. On March 12 the Secretary set parity for the year beginning April 1 again at \$4.66, which now equals only about 80% of parity. OMB Director Schultz strongly favored keeping \$4.66. The dairy industry reaction has been most unfavorable.

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- 2 -

Economic considerations. This is a political question and requires a political answer. To more than review economic considerations is dangerous. However, there is no economic problem. USDA's own figures show that total dairy product consumption increased 1.6% during the third quarter 1970 over the third quarter 1969 and increased 0.8% in the fourth quarter 1970 over the fourth quarter 1969. USDA's figures show further that consumption dropped in 1968 and 1969 and then dramatically turned around, rising 0.4% in 1970. Thus, the contention that maintaining 85% of parity would result in over production and decreased consumption is proved erroneous by use of USDA's own figures. In addition, for the past seven years, USDA's figures have had to be adjusted about six months after their publication, the adjustment usually resulting in higher consumption and lower production figures. Hence, the announced increase for the third and fourth quarters of 1970 is very likely actually to be greater when the final figures are analyzed.

Political considerations. Dairy industry leadership has been very materially assisting the Nixon Administration tangibly and intangibly. Farmers voted Democratic in 1970, principally on economic grounds. Since then the Administration was beginning to project a more decisive pro-agriculture image. To reduce parity now is to undo the good which was being done. To reduce parity now and then attempt to increase it effective April 1, 1972 is political dynamite because (1) the purpose would be transparent and (2) the increase at that time would result in a price increase to consumers (which it would not if parity were set at \$5.05 for April 1, 1971 and continued at \$5.05 for April 1, 1972). The increase - if there is to be one - must come, or at least be announced, within the next few weeks. There is strong Democratic support on the Hill, apparently led by Speaker Albert, to legislate 85%. This may be an attempt to sandbag the President, ruining him with dairy farmers if he opposes or vetoes the bill, giving the Democrats credit if he signs it or administratively raises parity. Ironically, until March 12, the dairy industry has gotten from this Administration substantially what it wanted although, unfortunately, always after a vigorous effort.

Conclusion. For political, if no other, reasons, parity must again be set at 85%, even if the President has to do it. The President's name, not the Secretary's, is on the ballot.

/s/  
MARION EDWIN HARRISON

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House Judiciary Committee staff

LAW OFFICES

RENNES & HARRISON

SUITE 800

1701 PENNSYLVANIA AVENUE N.W.

WASHINGTON, D. C. 20006

TELEPHONE 202 338-2030

TELEX 440376 ERDK

CABLE "RENNLAW"

OF COUNSEL

MURRAY H. SPOTNER

PATRICK J. WILLIAMS

MARION EDWIN HARRISON  
VIRGINIA GENE APPELES  
MURRAY H. SPOTNER  
PATRICK J. WILLIAMS  
JUDY A. LOTTEN

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MARION E. HARRISON

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LAW OFFICE  
REEVES & HARRISON  
SUITE 500  
1701 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20006

1971

TELEPHONE 202-758-9030  
TELEX 440376 CRDX  
CABLE "REEVLAW"

OF COUNSEL  
PATRICK J. HILLINGS  
WM. MONTGOMERY SMITH

MARION EDWIN HARRISON  
COLLECT MARY REEVES  
ROBERT C. SALLY  
MYRON SALTER  
JUDY R. POTTER

March 10, 1971

*Please file*

The Honorable Charles W. Colson  
Special Counsel to the President  
The White House  
Washington, D. C.

002038

Re: Political Response - Agriculture

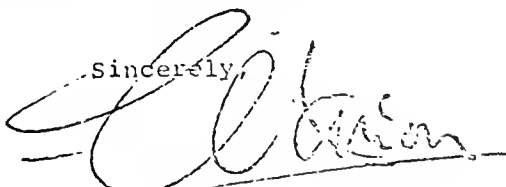
Dear Chuck:

We enclose a photocopy of an article from the February 22, 1971 issue of the Minot, North Dakota News. The situation may not be as bad as the author indicates but it obviously isn't very good.

I think part of this bad image, to the extent it is bad, can be corrected by the things we are working on together and part of it can be corrected by more direct and personal appearances of the President in agriculture areas. When he comes on face-to-face to a live audience, he goes over well in spite of the fact a small number of malcontents and troublemakers may be in the audience.

In connection with audiences, our client AMPI can provide up to thousands and thousands and thousands of friendly farmers and their families anytime such an audience is desired. We can do this almost literally anywhere in the North Central States, the Midwest and the South.

Sincerely



MARION EDWIN HARRISON

# Calendar

# President Nixon Farm Bills Revolt

By JOHN HARRISON

When the Nixon administration first took office, it was met with a storm of protest from farm groups. The administration's farm policy was widely criticized as being too liberal, too soft on the farmers, and too much in line with the interests of the big agribusiness interests.

In fact, for every state in the Union, the farm lobby has been a powerful force in the political process. In North Dakota, the farm lobby has been particularly active in the political process, and it has been a major force in the election of the Democratic candidate, James Eastman, to the U.S. House of Representatives.

Twenty-five months after taking office, the president, however, Nixon and the Democrats can partly face serious political problems in the farm belt.

This was clearly demonstrated in the 1970 elections. The Democrats staged remarkable gains in the farm belt, particularly in the Midwest, picking up 10 House seats in congressional seats in a half-dozen key farm districts.

A study by the National Educational Institute for Agriculture on the 1970 farm voting patterns provides statistical evidence of the political impact of rural-oriented citizens.

In Minnesota's Marshall County, for example, the GOP congressional candidate pulled 62.1 per cent of the vote in winning in 1968 but only 52.7 per cent in losing last year.

In North Dakota's West District, the two most agricultural counties gave Democratic Rep. Arthur A. Link 61 per cent of his winning margin, although casting only 17 per cent of the total vote.

Farmers might be disheartened in numbers, but they remain "an extremely important political force," the study concluded.

Leading up to this, voters in GOP Sen. Milton D. Young has voted to cut off federal subsidies for farm income stabilization.

North Dakota's farm lobby, however, is not alone in its opposition to the federal government for income stabilization. The farm lobby in other states is also active in the political process, and it has been a major force in the election of the Democratic candidate, James Eastman, to the U.S. House of Representatives.

On a state level, the farm lobby has been particularly active in the political process, and it has been a major force in the election of the Democratic candidate, James Eastman, to the U.S. House of Representatives.

On a national level, the farm lobby has been particularly active in the political process, and it has been a major force in the election of the Democratic candidate, James Eastman, to the U.S. House of Representatives.

It is in the farm belt that the Nixon administration's farm policy has been most widely criticized. The administration's farm policy was widely criticized as being too liberal, too soft on the farmers, and too much in line with the interests of the big agribusiness interests.

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Guy Signs 2034  
Legislative  
Measures

WASHINGTON (AP) — Gov. William L. Guy has added his signature to 43 more bills passed by North Dakota's Legislature.

Nearly all are housekeeping measures that will take effect July 1. The only bill from the current session previously signed by the governor increases expense allowances for legislators.

Perhaps the most important measure signed by Guy increases the farm income stabilization fund. The measure is part of the federal government's income stabilization program.

The measure is part of the federal government's income stabilization program. It is designed to help farmers stabilize their income in years of low prices.

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March 11, 1971

The Honorable Charles W. Colson  
Special Counsel to the President  
The White House  
Washington, D. C.

Re: Dairy Industry - 85% of Parity

Dear Chuck:

You think "political" as I do so you can understand the enclosure. Senator Humphrey has put a speech in the RECORD - March 4, 1971, page S2478, photocopy enclosed - which blasts the Administration as though nothing had been done for the dairy industry. In the course of the blast, he does hit upon some things that need to be done.

Mr. Humphrey can't lose. Anything we do he can attempt to take credit for. Anything we don't do or delay in doing he can damn us for failing to do or for delaying in doing. Of course, our people know who is doing what but when there is great delay in doing something, it encourages somebody like Senator Humphrey to take advantage of it (for which, speaking strictly politically, I suppose one cannot blame him).

Our people often are frustrated - I know I am and I suspect you are - by the fact that we have been able to work out for the dairy industry more or less what it has wanted during the present Administration but often the strain on all of us and the delay are so great that the watermelon does not seem as juicy when the dairy industry finally bites into it. The last major item the industry will request for some time to come, other than the over-47¢ cheese Proclamation, is 85% of parity for the year beginning April 1, 1971. The sooner that gets announced, the sooner somebody like Mr. Humphrey can be

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Hon. Charles W. Colson      -2-

March 11, 1971

silenced. There are some Democrats whom we can keep quiet publicly. Mr. Humphrey is not one of them. When he sees an issue or the appearance of an issue, he seizes it. Perhaps that is one of the prerogatives of not having the executive responsibility.

At any rate, we might as well look at the bad publicity as well as the good, so whatever it's worth the enclosure might interest you.

Sincerely,

MARION EDWYN HARRISON

MEH:ek  
Enclosure  
cc: Henry C. Cashen II, Esq.

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House Judiciary Committee staff

LAW OFFICES  
REEVES & HARRISON  
SUITE 500

1701 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON D.C. 20006

TELEPHONE 202 338-9030  
TELEX 440125 ERCA  
CABLE "REEVHAW"

MARION HARRISON  
RILEY GENE REEVES  
ROBERT F. SAGLE  
TERRY SOUTER  
UDY R. POTTER

OF COUNSEL  
PATRICK J. MILLINGS  
WM. MONROE SMITH

22.3 Marion Harrison letter

002040

March 11, 1971

The Honorable Charles W. Colson  
Special Counsel to the President  
The White House  
Washington, D. C.

Re: Dairy Industry - 85% of Parity

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Mr. Humphrey can't lose. Anything we do he can attempt to take credit for. Anything we don't do or delay in doing he can draw us for failing to do or for delaying in doing. Of course, our people know who is doing what but when there is great delay in doing something, it encourages somebody like Senator Humphrey to take advantage of it (for which, speaking strictly politically, I suppose one cannot blame him).

Our people often are frustrated - I know I am and I suspect you are - by the fact that we have been able to work out for the dairy industry more or less what it has wanted during the present Administration but often the strain on all of us and the delay are so great that the watermelon does not seem as juicy when the dairy industry finally bites into it. The last major item the industry will request for the time to come, other than the covered 47% of the 1960-1969 period, is 85% of parity for the year 1970-1971. If this is announced, the industry can be

Hon. Charles W. Colson

- 2 -

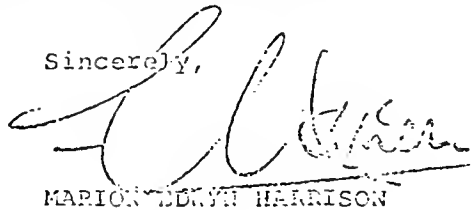
W/H

March 11, 1971

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Sincerely,



MARION EBERLY HARRISON

MEH:ck

Enclosure

cc: Henry C. Cashen II, Esq.

002041



1 correct.

2 Mr. Weitz. How did you know it was a man from the White  
3 House?

4 Mr. Morris. That's what Mr. Parr told me later.

5 Mr. Weitz. Did he also, to the best of your recollection,  
6 tell you who had called?

7 Mr. Morris. To the best of my recollection, he said it  
8 was Mr. Ehrlichman, but I at that time didn't know Mr. Ehrlichman  
9 from Mr. Haldeman or Mr. Colson or anybody else, but that's the  
10 name I think he used.

11 [ Now Mr. Parr, incidentally, does not recall this conversation  
12 which I think he's completely honest in because there were hun-  
13 dreds of calls a day into that place, and at that time we were  
14 [ talking to the White House several times a day.

15 Mr. Weitz. In that connection, do you know who else at  
16 the White House or who at the White House the dairy people were  
17 in touch with?

18 Mr. Morris. No, not really, although I think the man that  
19 they talked to the most over a period of time, that is, was Mr.  
20 Colson.

21 Mr. Weitz. Now, do you know whether Mr. Parr or were you  
22 present when Mr. Parr relayed the substance of this conversation  
23 to anyone else?

24 Mr. Morris. No.

25 Mr. Weitz. Now did you believe, do you know when this

MR. DOBROVIR: I am just getting some background of the witness.

THE WITNESS: Yes.

BY MR. DOBROVIR:

Q What were those activities?

A I was the National Chairman of Voters Rights and Ballot Security Program for the campaign, and others that were given to me from time to time.

Q Now, to back up as to your professional activities as counsel of with the firm of Reeves & Harrison, when you became apprised of a problem facing certain clients of that firm with respect to the price support level for milk in the year 1971 -- were you apprised of that?

A Yes.

Q When did you first become apprised of that problem?

A After I was with the firm -- I would say sometime in March of 1971.

Q What did you yourself do, if anything, in connection with that problem?

A I talked with Marion Harrison. We discussed the situation.

And I spoke to people in the Government and told them my concern of the plight of the dairy farmer.

Q Could you tell us who in the Government you spoke to?

A I spoke to John Ehrlichman. I spoke to John Whittaker. I spoke to Charles Colson. I spoke to Henry Cashin.

I think that is all according to my best memory at this time.

Q Approximately when was it you were speaking to these people?

A After I became associated with Reeves & Harrison and continuing ~~on~~ in and ~~off~~ and ~~on~~ basis occasionally as late as sometime in 1972.

I just can't tell you when.

Q Am I correct you became associated with Reeves & Harrison in March of 1971?

A That is right.

Q Is there any specific date in March you can recall when you came into their office?

A I think it was around March 9th, but I wouldn't be positive.

Q Between March 9th or so and March 25th -- and to refresh your recollection, March 25th is the date on which the Secretary of Agriculture announced that he was increasing

the price support level for milk -- what conversations with what people in the Government you mentioned did you speak to?

A I spoke to John Ehrlichman. I think I spoke, I am not positive, I think I spoke to John Whittaker and Charles Colson.

Q Were these conversations in person or on the telephone?

A In person.

Q In person?

A I will take that back.

Mr. Ehrlichman was in person.

Mr. Whittaker, I think, was on the telephone.

And Mr. Colson, I think, was in person.

Q Can you tell us what the nature of those conversations were?

A Yes.

I told the gentlemen that in my opinion the dairy farmers constituted a very important segment of the population of the country and, therefore, their prosperity was important to the prosperity of the country, the same as any person who might be a member of an organized labor union and the black community or ~~the~~ <sup>and</sup> business industry. And what was good for the dairy farmers was good for the country and what was good

for the country was good for the dairy farmers.

And since they were so highly regulated, I thought that they were entitled to a measure of protection.

Q Were these conversations after the March 12th announcement by the Secretary, he had decided not to increase the price support level?

A I know it was after March 9th, but I wouldn't be positive with reference to the announcement of the Secretary.

Probably after that.

As I say, I would not be positive.

Q In those conversations, did you ask or suggest to those people that they should communicate your views to the Secretary of Agriculture?

A No.

I told them I thought the price support ought to be paid.

Q Did you indicate how you thought that ought to be done?

A No.

Frankly, I just assumed they would know.

Q You assumed if they agreed with you, they would, in one way or another, be able to do this?

A Not one way or another but that they would do it in

a proper way.

Q A proper way.

What would a proper way have been?

A That, I do not know, but my assumption is that the Secretary of Agriculture would make the announcement at what point the price support would be paid.

Q Did you have any activities in connection with the price support decision for 1972?

A No, sir.

Q After they --

A Pardon me.

Other than what I said to people in 1971, if that is a carry-over for 1972, to that extent, yes.

Q After March 25th, when the Secretary of Agriculture announced that he was increasing the price support level, you didn't have anything further to do with this question?

A No, sir.

Q Did you learn at any time prior to the Secretary's March 25th announcement that the earlier position might be changed?

A You mean did I know it was going to be changed?

Q Let me ask you that.

Did you know it was going to be changed?

A No, sir.

I was urging it be changed.

Q Did the change come as a surprise to you?

A Nothing comes to me as a surprise in Government.

Q Did there come a time when you became apprised of the intention or desire of the dairy farm political trusts TAPE, SPACE and ADEPT to make campaign contributions to the Presidential campaign of Mr. Nixon?

A Yes.

Q When was that?

A My recollection is it was in March of 1971.

Q From whom did you learn this?

A Mr. Harrison.

Q What did Mr. Harrison say to you?

MR. HARRISON: Mr. Dobrovir, I think you are starting to get into the attorney-client privilege.

MR. DOBROVIR: Are you making an objection?

MR. HARRISON: Therefore, I make an objection.

BY MR. DOBROVIR:

Q Mr. Chotiner, what, if anything, did you have to do with contributions from the dairy farm political trusts, TAPE, SPACE and ADEPT, to the Presidential election campaign of Mr. Nixon?

Dairymen, Inc., or SPACE or TAPE or Mid-America or any particular groups.

Q In any of these conversations was mention made of some totals that the dairy people were planning to contribute?

A No, sir.

MR. DOBROVIR: I have no further questions.

MR. GOLDBLOOM: I have a few.

EXAMINATION BY COUNSEL FOR THE DEFENDANTS

BY MR. GOLDBLOOM:

Q Mr. --

THE WITNESS: Mr. Dobrovir, when I say no, that is my best recollection. I do not think any total amount was mentioned.

MR. DOBROVIR: Yes.

BY MR. GOLDBLOOM:

Q In connection with your efforts to seek a favorable result on the dairy price support level on behalf of your clients, you spoke to Mr. Whittaker and Mr. Colson and Mr. Cashin and Mr. Ehrlichman on the White House Staff.

In the course of any of those conversations, was the subject of political contributions by the dairy industry figure in your conversations?

A No, sir.

Q Did you at any time during those conversations suggest the possibility that political contributions might be made by the dairy industry?

A No, sir.

We talked about support and help for the farmers and not support or help for the campaign by way of contributions.

Q So, therefore, political contributions of that sort did not figure in any of the discussions in any way?

A I won't go that far.

I would say any time you do something for someone, it reacts favorably at the ballot box.

Of course, I had in mind at the time the question of support for the Administration in the coming election and the farm states, and if you don't help the farmer, you don't get their support.

Traditionally, the farmers have supported Republican Administrations except at such time when they felt their economic well-being was not being looked after to their satisfaction.

Q Was there any discussions about cash contributions or funds?

A No, definitely not.

MR. GOLDBLOOM: No further questions.

MR. DOBROVIR: Let me follow up.

FURTHER EXAMINATION BY COUNSEL FOR THE PLAINTIFFS

BY MR. DOBROVIR:

Q In your conversations with Messrs. Ehrlichman, Colson, Whittaker and/or Cashin, was the question of political support in terms of votes in the election from farmers discussed?

A Oh, I undoubtedly must have made a remark as to the effect that if you hurt the farmers, you can't expect to get their support, whereas if you help the farmers, you probably have a good chance of getting their support.

As I said, the farm states normally support Republican Administrations.

It may follow if you -- that you don't kick a person in the shins and expect him to say thank you.

Q In your conversations with the dairy people with respect to campaign contributions, was there any discussion of the fact that caused this decision to come out favorably after all that the dairy farmers should support with contributions to the Nixon campaign?

A I don't understand your question.

If I understand it correctly, I resent the question.

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Mr. Jacobsen. No, I don't.

Mr. Dash. You were still retained during this period of time as sort of a political advisor to him, weren't you?

Mr. Jacobsen. No, they didn't talk to me about Tom Evans; I don't even know who he is.

Mr. Weitz. Did there come a time in 1971 when you represented AMPI in their effort to obtain an increase in milk price supports?

Mr. Jacobsen. Yes, sir.

Mr. Weitz. And could you tell us what you did in their behalf?

Mr. Jacobsen. Well, I talked to Secretary Connally twice about the increase in price supports, once before March 12, and once after March 12 and before March 25.

Mr. Weitz. Do you recall how often you talked with Mr. Connally or how many times you talked with Mr. Connally? Were these the only two times you talked with Mr. Connally during that period of time?

Mr. Jacobsen. I don't know.

Mr. Weitz. Do you recall any other matter that you discussed with Mr. Connally during that period of time?

Mr. Jacobsen. No, I don't.

Mr. Weitz. Can you tell us how you came to talk with him the first time?

Mr. Jacobsen. Well, the first time I knew from Mr. Parr

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present and he was present?

Mr. Jacobsen. I don't really recall any that he was present. But I am just assuming that he was present at some of them.

Mr. Weitz. And did there come a time when you discussed this matter again with the Secretary, Secretary Connally?

Mr. Jacobsen. Yes, after the unfavorable action by the Administration.

Mr. Weitz. And if that was on March 13, then it would have been after March 12, 1971, but before the second decision?

Mr. Jacobsen. Yes.

Mr. Weitz. Do you recall whether it was closer to the first or closer to the second decision in time when you talked to the Secretary?

Mr. Jacobsen. No, I don't, Mr. Weitz.

Mr. Weitz. And did someone ask you to meet with him?

Mr. Jacobsen. No, I think I volunteered to do that.

Mr. Weitz. Did you tell Mr. Nelson and Mr. Parr that you were going to meet with the Secretary?

Mr. Jacobsen. Yes.

Mr. Weitz. And it -- did they express approval?

Mr. Jacobsen. Yes.

Mr. Weitz. They were anxious that you meet with him?

Mr. Jacobsen. Oh, yes.

Mr. Weitz. What took place at your meeting with Mr. Connally?

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Mr. Jacobsen. Again, I expressed the bad consequences of the Administration's action, with the cost of feed going up and the various problems in the dairy industry. I discussed the bad consequences of the Administration's decision to lower or to have the lowest price support in the history of the dairy industry. And I asked Secretary Connally if he would help if he was consulted to get it raised.

Mr. Weitz. What was his response?

Mr. Jacobsen. He said he would do what he could to be helpful.

Mr. Weitz. He said that the first time? Did he indicate who he might talk to to be more effective the second time?

Mr. Jacobsen. No.

Mr. Weitz. Did he indicate whether in fact after the first meeting whether he had talked to anyone on behalf of the dairy people?

Mr. Jacobsen. Yes, he told me that he had talked to some people.

Mr. Weitz. Did he say he had talked to the President?

Mr. Jacobsen. No, he didn't tell me that.

Mr. Weitz. Did he -- he didn't tell you he hadn't talked to the President?

Mr. Jacobsen. No.

Mr. Weitz. Did he tell you to whom he had talked?

Mr. Jacobsen. No.

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states that he carried. So I do not know why anybody would approach me assuming that I was an authority on the Republican hierarchy.

Senator Weicker. The question was asked by the Counsel as to -- I can't repeat the exact question and answer, but in the identification of contributions by AMPI to the Democrats in the previous election.

Is that the substance of your question?

Mr. Weitz. Being identified as supportive of the Democrats.

Senator Weicker. And, Governor, I believe you indicated that you had knowledge of that or you did not, that is the point.

Mr. Connally. Senator, I said I only had a general understanding that they had been heavy contributors to the Democrats over no particular period of time but in the congressional as well as presidential campaigns, but I had no specific knowledge about it. This was merely an understanding that I had.

Senator Weicker. Did you have any political or professional connection with AMPI?

Mr. Connally. No, none at all.

Mr. Weitz. Now, turning to a period in 1971, when did you become Secretary of the Treasury?

Mr. Connally. February the 11th, 1971.

Mr. Weitz. Now, did there come a time in March of 1971 when on one or more occasions you met with representatives of

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AMPI in connection with the milk price support decision that was then in dispute?

Mr. Connally. Mr. Weitz, as I recall, either in the latter part of February or early March I had a communication with Mr. Jacobsen who is the only man I have talked to. He was in the private practice of law, as you know, representing AMPI prior to the time, and I don't remember the precise date, but it was prior to the time that the administration's decision was made on the milk price support program, which I believe was March the 12th.

Mr. Weitz. That would be the first decision by the Secretary of Agriculture?

Mr. Connally. That is correct. Mr. Jacobsen either called me or came by to see me. I am not sure whether it was a personal visit or a telephone call but in effect saying to me that the milk people were very distressed, very disturbed that they thought that Secretary Hardin was going to recommend a very low parity support price or a very low support price which represented about 80 percent of parity and that they thought this was a very great mistake. They thought it was unfair, unwarranted and that under the circumstances, with the decreasing dairy herds and the rising cost of the dairymen that indeed they thought a higher support price was warranted and should be granted. They expressed the hope that I would acquaint myself with the facts on the assumption that I would be consulted and

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if, indeed, I agreed with their position, he hoped I would give them some support. That was the substance of the conversation.

Senator Weicker. When was that conversation?

Mr. Connally. Senator, I do not recall precisely. As I say, it was the early part of March or the very last part of February because it was just not too long before March the 12th because they obviously in their communications with the Department of Agriculture realized that they were going to have some difficulty in persuading the Secretary to go as high in setting the support price as they thought the facts justified.

Mr. Weitz. In that connection, do you keep or did you keep at that time any records of either meetings or a calendar of some sort to record meetings and phone calls.

Mr. Connally. Yes, I did.

Mr. Weitz. Have you brought those records with you?

Mr. Connally. I have brought those that you asked me to bring that relate to this subject insofar as I could determine what they are, yes.

Mr. Eckhardt. Let me stated that we have here all of the records which were in Governor Connally's possession that came within the category mentioned in the subpoena, and in that connection we have found only two pages that we thought might possibly apply and we brought those two pages out of his records. And, of course, there are other records here in other categories and at this time I would be happy to make these

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it and I simply said and in subsequent conversation that the farmer, the dairy farmer was probably in about the lowest income group in the country and under the circumstances, since the Johnson Administration had always maintained the parity on milk prices at about 89 percent, that I thought it was totally unrealistic and unjustified for us to drop it to 81 percent.

Mr. Weitz. Would you have said all this to Mr. Jacobsen, a longtime friend of Texas?

Mr. Connally. Would I?

Mr. Weitz. Would you have?

Mr. Connally. I do not know that I did that at that point in time but, sure, I would have.

Mr. Weitz. I see. So you are recounting your views on the matter as opposed to exactly what you may have told Mr. Jacobsen?

Mr. Connally. Yes, I am just recounting my views on it, not what I told him.

Mr. Weitz. Did he discuss how their AMPI's political arm had progressed since they last talked to you?

Mr. Connally. No, he did not.

Mr. Weitz. He had not talked with you about it, I take it, in the interim between early '69 and early '71?

Mr. Connally. No.

Mr. Weitz. Now you have mentioned other conversations. Did there come a time when you spoke to Mr. Jacobsen again about

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this matter?

Mr. Connally. Yes.

Mr. Weitz. Could you tell us about this?

Mr. Connally. This was after the order was issued on March the 12th and it was a few days thereafter and maybe it was the day of the 23rd. I see his name is on here again. I am guessing about the subject matter, but the reason I assume that and the reason I guess that is because we did indeed have a meeting that day as reflected on my calendar at the White House on milk.

Now, in the subsequent conversation Mr. Jacobsen said to me that he wanted me to know that when the order came out on March the 12th that they were bitterly disappointed, that they thought it was going to create chaos in the milk industry where they were already losing tremendous numbers of cattle and herd and a great many of them going out of business and that they were frankly going to turn to Congress for relief and they had done so, and that they had enormous support and that they frankly were going to push for their 85 or 90 percent of parity. And he told me then the relative success that they had had in the intervening few days, and I might point out that on one bill in the House of Representatives pending at that time they had been able to secure 102 sponsors for 90 percent of parity and in the Senate, as I recall, they had about 33 members of the Senate already sponsoring a bill calling for 85 percent of parity. But he said I want you to know this is going on because we are not

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trying to undercut the Administration, we are not trying to create problems for you, but we do not think we have been treated fairly and we don't have any recourse except to proceed to try to get congressional relief. We think beyond any question we are going to be successful and we just want you to know this.

That was the essence of the conversation. I said thank you very much. I don't have any argument with what you are doing and I understand your position clearly.

Mr. Weitz. Did he discuss anything else with you at that time?

Mr. Connally. No. I do not recall that he did.

Mr. Weitz. He did not mention any matters concerning political contributions?

Mr. Connally. No.

Mr. Weitz. This is, to the best of your recollection, on March the 23rd?

Mr. Connally. Yes, and again I am guessing because I do have a telephone call from him logged here so I guess that is correct.

Mr. Weitz. Do you recall any meetings between the time that you first talked to Mr. Jacobsen on the phone or in person briefly in late February or early March and this conversation on the 23rd?

Was there some other conversation that you may have had

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with him and/or others from AMPI in connection with the milk price support matter?

Mr. Connally. No, I do not recall any.

Mr. Weitz. Do you recall a meeting with Mr. Nelson and a Dr. George Mehren during that time?

Mr. Connally. No, I do not.

So far as I know the first time I ever met Dr. Mehren was almost a year later.

Mr. Weitz. In 1972?

Mr. Connally. In 1972.

Mr. Weitz. During this period you do not remember a meeting in your office with Mr. Nelson, Mr. Jacobsen and Dr. Mehren?

Mr. Connally. No, I do not.

Mr. Weitz. If they were to recall such a meeting, would you just take it to be that your memory was faulty on that point?

Mr. Connally. I could be but, indeed, if I had a meeting in my office during that period of time it would certainly reflect that I met with them and we did go through the logs of these meetings in my office as well as the telephone calls, and if, indeed, I had seen Dr. Mehren, Nelson, and Jacobsen, I certainly would have submitted that because that, obviously, would have been the subject matter.

Mr. Weitz. For example, if Mr. Jacobsen's name had

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and we would sign bills and do all kinds of honors to people. We would give awards, we would recognize every type of day, we would recognize every type of queen, and we would be photographed we would have the room packed with people. It is entirely possible that he could have been in the office or in a group like that on several occasions without me having the faintest memory of it. But so far as meeting with him about any particular legislation, I have no memory of it.

Mr. Weitz. And if this happened, if he were to of met with you several times a week, or several times a month, on a repeated basis over a number of months, over a number of years in a fairly small group or even just the two of you, you would probably recollect that?

Mr. Connally. Oh, I think I would.

Mr. Weitz. Now during the time between March 12th and March 25th, do you recall meeting Mr. Lilly at Page Airways in Washington, in the Washington Airport?

Mr. Connally. No, I do not.

Mr. Weitz. Do you recall, would your records show, where you were either on the day of March 19th or March 20th of 1971?

Mr. Connally. Yes, I guess it would.

Mr. Weitz. Would you provide those two, that would be part of the segment in late February. I think it would be useful to see all of March.

Mr. Connally. All right, we will give you all of it, but

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not even sure I know Mr. Howard at all, perhaps I have met him,  
but the name does not strike a chord with me at all.

Mr. Weitz. You would recognize Mr. Nelson over and  
perhaps speak to him in a chance meeting, ahead of Mr. Lilly  
you think?

Mr. Connally. Oh, yes.

Mr. Weitz. And you do not recall any such meeting held  
ever at Page Airways during this period of time?

Mr. Connally. No, I do not.

Mr. Weitz. Did you ever, between the period of the 12th  
and the 25th -- between the first decision and the second  
decision -- ever communicate to any representative of AMPI  
your assessment that you thought this decision would in fact  
change, and a new decision would be made to raise supports by  
the Administration?

Mr. Connally. I don't recall that I did, no. As a matter  
of fact, I do not think I talked to anybody except Mr. Jacobsen  
in the communication that we have already talked about and  
during the period between the 12th and the 25th, I frankly had  
no real reason to be optimistic about a change as far as the  
Administration was concerned, because we had been down this  
road and the decision was made on the 12th to set the level at  
81 percent, and I frankly felt that if it was changed at all  
it was going to have to be changed by the Congress at that point.

Mr. Weitz. As you have testified, you do not remember

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with, first, MPI and then AMPI?

Mr. Lilly. Yes. If I might, I have a short brief here that more or less describes it.

Mr. Weitz. Is that a statement you have?

Mr. Lilly. Yes, I might read it as far as I am concerned.

Mr. Weitz. Fine.

Mr. Lilly. My name is Bob Lilly. I reside at 130 Paloma, San Antonio, Texas 73212. I am employed by Associated Milk Producers, Inc. and National Dairymen's Cooperative with approximately 40,000 producers in 21 states, headquartered in San Antonio, Texas.

My title is Secretary of the Committee for Thorough Agricultural, Political Education, abbreviated as TAPE, and Legislative Director for AMPI, abbreviation for Associated Milk Producers.

As Secretary of the Committee for TAPE, I am responsible for records of contributions, receipts, expenditures, reports and correspondence relating to the Committee for TAPE. As Legislative Director, I work with state legislators as well as employees in the AMPI regions charged with similar responsibilities; state regulatory agencies, such as health authorities, animal health authorities, pollution prevention agencies, as well as comparable Federal regulatory agencies. And I also work on national legislation.

I have been associated with the dairy industry since early

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1965. In 1965, I was employed by North Texas Producer's Association, a dairy co-operative headquartered at Arlington, Texas. In 1967, at the formation of Milk Producers, Inc., the North Texas Producers Co-operative became a part of AMPI, along with other co-operatives in Texas, Oklahoma, Kansas, Arkansas, Tennessee and New Mexico with approximately 12,000 members.

Later in 1968, Associated Milk Producers, Inc., AMPI, was formed with approximately 30,000 members, and in time grew through consolidation to its present size of about 40,000 members. I served as an Assistant to the General Manager of MPI and AMPI until early 1972, when there was a change in management.

Since that time, I have served in my present capacity.

Mr. Weitz. Thank you.

Mr. Lilly, what were the positions of Mr. Nelson\_\_ What was the position of Mr. Nelson during the period of 1967 forward?

Mr. Lilly. He was General Manager of Milk Producers, Inc., and later Associated Milk Producers, Inc. until early 1972, January, 1972.

Mr. Weitz. If you have no objection, I think we can refer alternatly [sic] to Milk Producers, Inc. as MPI, and Associated Milk Producers, Inc. as AMPI, and TAPE, T-A-P-E, and Committee for TAPE either TAPE or CTAPE.

Mr. Lilly. That is fine. That would be easier for me.

Mr. Weitz. Can you tell me what position Mr. Isham, I-s-h-a-m, held during that period?

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he was very strong in his statement that it had to be new money, other than what had been committed, and there was really no argument with this among Mr. Nelson and Mr. Parr. I do not know, though if he initiated it or not, but it is quite possible that he did.

Mr. Weitz. Now, after this meeting between you, Nelson, Jacobsen, Parr, and Harrison, was there a subsequent meeting, to your knowledge, with some representatives of AMPI and the Secretary before the new price support decision?

Mr. Lilly. Yes. As a matter of fact, according to my diary, and according to the day I left Washington, D. C., on that weekend of March 19, we were in the company jet, private plane, here at Page Airways at National Airport. I know that Mr. Nelson and Mr. Parr, Mr. Keiffer Howard, Mr. Tom Townsend--all employees of AMPI, and possibly others, these are the ones that I can recall were present.

We were waiting for the plane to be brought around, so that we could -- this was after dark, and the Secretary walked into Page Airways, Secretary Connally, and he acknowledged the presence by waving his hand. And then he called me aside and talked with me for just a short time, and told me that he had made contact on our problem, and that it looked good. He thought it was going to be all right, or he said something to the effect, as I remember it, that, "it is in the bag for us."

Mr. Weitz. Did he indicate who he had made contact with?

Mr. Lilly. No. I certainly would just have to assume,

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what he said and the way he said it, that he had personally talked with the President.

Mr. Weitz. He did not say so explicitly, though?

Mr. Lilly. No, he did not say that, but certainly, he did not indicate that it would have been the Secretary of Agriculture that he had talked with, and I would not think that he would.

Mr. Weitz. Between the meeting you had with Nelson and the others after the first Connally meeting and the time that you saw the Secretary in the airport, were you aware whether any of them had recontacted the Secretary, or had met with him?

Mr. Weitz. (sic) No, I am not aware of any further meeting or contact with him.

Mr. Weitz. Did he tell you to tell the others at that time?

Mr. Lilly. Yes, he did. He said, you can pass the word along to your other co-workers, or the other people with you, or whatever he might have said. And when we were aboard the plane, and headed back, I did tell them, and they were quite elated about the situation, being Friday. The first part of the week we had felt rather downcast and defeated on this thing, and then, it looked like we were going to be successful in what we were trying to do.

Mr. Weitz. Who was on the flight back with you? Do you recall?

Mr. Lilly. Well, I named Harold Nelson, Dave Parr, Tom Townsend, Keiffer Howard. It seems the plane holds ten or twelve

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people, and it was near full, but this is all I can recall at this time.

Mr. Weitz. Why did he pull you over? He had met that week with at least Nelson of this group.

How long have you known the Secretary?

Mr. Lilly. Well, of course, I had known Connally prior to the time that he was Governor of Texas. He was governor for six years, and he has had what, four years since that time, and the present governor that we have now, I have known him prior to that. So I have known him probably 12 or 15 years. I knew him much closer than any of the other people. Tom Townsend was originally from Kansas, Dave Parr from Arkansas, Harold Nelson from Texas, but he did not work in state politics like I did. But I lived in Austin. I knew Connally from a number of years back, so I think it would be logical that he would talk to me, because I knew him better than anyone present.

Mr. Weitz. Had you ever worked on a campaign of his, or anything?

Mr. Lilly. No, I had never worked on a campaign of his. I had lobbied for the Texas Farm Bureau for a number of years. While Mr. Connally was governor. He vetoed a number of bills. I was not successful in overriding any. We did pass some, after he vetoed them, the next year. It was strictly an above-board type thing. He was a hard scrapper, but it was a working relationship.

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Mr. Jacobsen and Mr. Connally, particularly Mr. Jacobsen and Mr. Connally, particularly with regard to reversing the first decision; in other words, after the first decision, trying to press ahead and remembering the contact with Connally after that?

Mr. Parr. He could have had a meeting with Mr. Connally either before or after; I just do not know.

He would have to tell you that. I do not know specific dates.

Mr. Weitz. Did he tell you whether Mr. Connally was opposed or in favor of an increase?

Mr. Parr. Well, again I do not know whether I read this or heard this or I just think, that Mr. Connally, coming from rural America, knew something about the plight of the farmer. I would think he would be in favor of it.

Mr. Weitz. Do you know of any contact between Bob Lilly and Mr. Connally during this period?

Mr. Parr. Again, I have read in the newspaper where they met.

Mr. Weitz. Do you have any knowledge; personal knowledge, either from what you yourself know or what you have been told by others?

Mr. Parr. No.

Mr. Weitz. Do you recall a brief meeting between Mr.

Lilly and Mr. Connally at Page Airways in Washington, D.C.?

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Mr. Parr. Yes.

Mr. Weitz. Do you remember any particulars with regard  
to that meeting; how they came to meet there?

First, let me ask you how they came to meet there. Were  
you there?

Mr. Parr. Yes.

Mr. Weitz. You were at Page Airways?

Mr. Parr. Yes.

Mr. Weitz. Did you meet with Mr. Connally also?

Mr. Parr. No.

Mr. Weitz. Was Mr. Nelson there?

Mr. Parr. Yes.

Mr. Weitz. Who else was there that you can recall from  
AMPI?

Mr. Parr. I believe Mr. Townsend.

Mr. Weitz. Tom Townsend?

Mr. Parr. Yes.

Mr. Weitz. Anyone else that you recall?

Mr. Parr. I do not recall anyone else.

Mr. Weitz. What about Lynn Elrod, was he there?

Mr. Parr. He could have been. I just do not know, Mr.  
Weitz.

Mr. Weitz. Was that the first time? Do you remember when  
this meeting took place?

Mr. Parr. No, sir. I do not.

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Mr. Weitz. Was it before or after the first decision?

Can you place it that way for us?

Mr. Parr. No, sir. I do not recall which way it was.

Mr. Weitz. Was it during the time when you were working  
on obtaining an increase?

Mr. Parr. Yes, sir.

It was during the time somewhere in March of 1971, I mean  
March of 1971, I know that.

Mr. Weitz. What were you doing at Page Airways?

Mr. Parr. We were going home.

Mr. Weitz. For the weekend?

Mr. Parr. I do not remember.

Mr. Weitz. Or were you finished in Washington?

Mr. Parr. Well, we were going home. I guess it was the  
weekend. I don't know.

Mr. Weitz. You were flying home by the company jet?

Mr. Parr. Yes, sir.

Mr. Weitz. Had you seen Mr. Connally earlier that day  
before the meeting at the airport?

Mr. Parr. Had I seen him?

Mr. Weitz. Yes.

Mr. Parr. Not that I recall.

Mr. Weitz. Were you in a car being driven to Page Airways  
when you saw Mr. Connally pass in his government limousine?

Mr. Parr. Yes.

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Sure --

Mr. Weitz. When you got into the car where did you leave from to go to the airport that day?

Mr. Parr. I suppose we left from the Madison Hotel.

Mr. Weitz. Did you all leave together, the four of you in the car?

Mr. Parr. I believe so.

Mr. Weitz. Do you remember leaving from Mr. Harrison's office at 1701 Pennsylvania Avenue?

Mr. Parr. I do not know where we left from.

Mr. Weitz. Do you remember when you got in the car and someone told the driver to try to get to the airport to catch John Connally before he left?

Mr. Parr. No.

Mr. Weitz. To your recollection you did not know that Mr. Connally would be at the airport when you were there or would be leaving that day from the airport?

Mr. Parr. No.

Mr. Weitz. When someone saw Mr. Connally's car passing on the way to the airport, was there any discussion about trying to talk to him at all, at any time?

Mr. Parr. Yes. I would think there probably was discussion about that.

Mr. Weitz. To talk to him about the milk price support decision?

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Mr. Parr. Yes.

Mr. Weitz. To try to gain his assistance?

Mr. Parr. Yes.

I would say so, yes.

Mr. Weitz. Do you know at that point whether Mr. Jacobsen had already talked to him about that?

Mr. Parr. If I knew the time -- I know that Mr. Jacobsen may have talked to Mr. Connally but I do not know --

Mr. Weitz. And when you got to the airport Mr. Connally was still there or was there --

Mr. Parr. I do not know who got there first, whether he passed us or we passed him.

Mr. Weitz. But both of you were at the airport, your group and Mr. Connally for some period at the same time that day?

Mr. Parr. I do not know how long a period, but we were there, yes, sir.

Mr. Weitz. How did it come about that Mr. Lilly met with Mr. Connally?

Mr. Parr. I do not know exactly how that was done. I do recall that Mr. Lilly -- that is the only one I recall -- they were at one end of the airport.

Mr. Weitz. Who? Mr. Connally?

Mr. Parr. And Mr. Lilly, yes.

Mr. Weitz. Did you see them meeting or talking?

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the circumstances.

Mr. Weitz. Do you recall Mr. Nelson's saying to you,  
don't go, let Bob talk to him; Bob knows him?

Do you recall that?

Mr. Parr. Something like that. I believe something  
like that makes sense.

Mr. Weitz. You do not specifically recall it?

Mr. Parr. I just recall, Mr. Weitz, that there was a  
discussion.

There was something -- I believe that is correct. I  
believe that is correct.

(Pause.)

Mr. Weitz. How long did the discussion between Mr. Lilly  
and Mr. Connally take?

Mr. Parr. To the best of my recollection not very long.

Mr. Weitz. A couple of minutes?

Mr. Parr. A few minutes, yes.

Mr. Weitz. And what happened when Mr. Lilly returned?  
Did he come back to the group?

Mr. Parr. Yes.

Mr. Weitz. Did he tell you what he had talked about with  
his (sic) secretary?

Mr. Parr. I do not recall any specific --

Mr. Weitz. Do you have a general recollection of the  
substance of what he said or the impression he gave you about

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his meeting with the Secretary?

Mr. Parr. No, sir.

Mr. Weitz. Did he talk to Mr. Connally about price  
supports?

Mr. Parr. I suppose so. That is what we were working on.

Mr. Weitz. But you do not remember?

Mr. Parr. I do not remember what?

Mr. Weitz. You do not remember whether he told you what  
he had talked about or whether he referred at all to the price  
support effort at that time?

Mr. Parr. I just do not -- I recall I have read in the  
paper what he is supposed to have said but I do not recall it.

Mr. Weitz. Do you recall whether he indicated that the  
Secretary had either expressed optimism or pessimism about the  
price support decision?

Mr. Parr. Honestly, I do not.

Let me hasten to say this: in my dealings with people  
I do not consider what they are telling me. That is just one  
part of whatever it is. If something is done, I just catalogue  
it. I don't put any stock --

Mr. Weitz. So it is not surprising to you that you do not  
recall whether --

Mr. Parr. No, no.

Mr. Weitz. -- He indicated one way or the other how the  
Secretary felt?

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Mr. Nelson. I really can't tell you.

Mr. Weitz. Did he report back to you about his meetings  
with Secretary Connally?

Mr. Nelson. I knew that he was having them. He told me  
that he was having the meetings with Secretary Connally.

Mr. Weitz. Did anyone accompany him on those meetings?

Mr. Nelson. Not to my knowledge.

Mr. Weitz. Did you ever have an opportunity, or did you  
ever discuss during February or March of 1971 with Mr. Jacobsen  
and others the desirability of committing or contributing addi-  
tional monies in order to secure Mr. Connally's assistance with  
regard to the milk price support decision?

Mr. Nelson. I don't think that was a condition of securing  
his assistance. We were in this position, you understand, of  
already having expressed our willingness, what I view as repeat-  
edly, to make contributions in much greater amounts than we had  
made, and we were in -- I know it's hard to believe, but this is  
an absolute fact. They wouldn't come up with the committees.  
We couldn't believe it ourselves. But that is the position we  
were constantly in with these people.

Mr. Weitz. Well, let me ask you this.

Did you have a discussion with Mr. Jacobsen with respect to  
making additional contributions, whether or not -- and at the  
same time you had discussed a meeting he had had with Mr. Connally,  
quite apart from whether one was antecedent or dependent on the

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other?

In other words, did you have discussions in which you discussed Mr. Connally's assistance, and in the same discussion discussed the need for or the desirability of making additional contributions?

Mr. Nelson. I don't recall that. Mr. Jacobsen was well aware of the fact that we had made these offers of contributions and had asked for names of committees, and that we didn't have them.

Mr. Weitz. How was he aware of that?

Mr. Nelson. Because I had told him.

Mr. Weitz. You told him specifically about the attempts in 1970 to obtain committee names, the attempt to contribute perhaps even a million or two million dollars?

Mr. Nelson. I don't recall that we had told him about specific amounts, but we probably did. But I do recall having mentioned to him that we couldn't get committees out of these people. We just couldn't understand why we couldn't get committees. And as a matter of fact, at the time I left the position of general manager we were still trying to get names of committees.

Mr. Weitz. Well, let me ask you this. I can understand that someone wants to show their support and appreciation.

If the candidate -- in this case, on behalf of the President, the fundraisers for the President are unable repeatedly upon your request to produce names of committees, which is the only

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Mr. Weitz. Mr. Nelson, I would like to return to the period of March 1971 in connection with the milk price support decision.

Now I believe you said yesterday that Mr. Jacobsen was in contact with Mr. Connally for Ampa [sic] during this period, is that correct?

Mr. Nelson. Yes.

Mr. Weitz. Do you know of anyone else who talked to Mr. Connally during that period relative to price supports or anyone else at AMPI?

Mr. Nelson. Are you talking about March 1971?

Mr. Weitz. February and March 1971, yes.

Mr. Nelson. Well, now I do not know. Are you referring to -- the only one I know is Mr. Lilly, very briefly, outside the Washington airport if that is what you are referring to?

Mr. Weitz. Did you tell us about that?

Mr. Nelson. What?

Mr. Weitz. Did you know when that occurred? [sic]

Mr. Nelson. Well, yes and no. There seems to be confusion about when it occurred. I now think that it occurred on March the 5th, and the reason that I think it occurred on March the 5th, is that I checked with the pilot on the log and he says that on March the 5th we left Page Airways and flew to Little Rock and on to San Antonio, and I think it was March 5th.

Mr. Weitz. The contact between Mr. Lilly and Mr. Connally took place at Page Airways at National Airport?

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Mr. Nelson. Yes, we were in a taxicab going to take our own plane at Page Airways and Secretary Connally's limousine passed us and he and his wife were in it, and they pulled up just ahead of us. By the time that they (sic) got there, they were already out of their limousine, as I recall, and Bob Lilly went over and talked to Mr. Connally very briefly, and then came back while the rest of us stood on the sidewalk to wait.

Mr. Weitz. Let me ask a few questions about that.

Who, of AMPI was with you at the time?

Mr. Nelson. I know Mr. Parr was because he started to walk over and I told him, no, let Mr. Lilly go; and Mr. Townsend was on there, and I believe -- I am not sure, but I believe Mr. Elrod was on there. I have been told that he was on there, I really did not recall, until I started talking about this thing, who was on there.

Mr. Weitz. Who did you talk to about this meeting, other than your attorneys?

Mr. Nelson. Oh, I have talked to Mr. Lilly about this meeting. I have talked to -- well, other than my attorneys, I guess that is it.

Mr. Gallman. Well, obviously --

Mr. Nelson. I have talked to the Prosecutor.

Mr. Weitz. Was it in the last several months that you have talked to Mr. Lilly about the meeting?

Mr. Nelson. Yes.

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whether, for example, it was before or after the first decision of the Secretary of Agriculture not to raise price supports?

Mr. Nelson. I cannot tell you that either.

Mr. Weitz. What did you understand by Mr. Lilly's comment that after talking to Mr. Connally he was optimistic -- he meaning[g] [sic] Mr. Lilly -- optimistic about what?

Mr. Nelson. About favorable action on the price support. That is what we were --

Mr. Weitz. By whom?

Mr. Nelson. By the President. That is the only person who can take a favorable action on the price support in my view. I have said that repeatedly.

Mr. Weitz. So you understood, therefore, that he was referring to administrative action by the President and the Secretary of Agriculture?

Mr. Nelson. Yes, that is what it meant to me.

Mr. Weitz. Did he indicate whether Mr. Connally had talked to anyone in the administration, including the President?

Mr. Nelson. No.

Mr. Weitz. Did he indicate what Mr. Connally or he based his optimism on?

Mr. Nelson. No, he did not go into details as I recall, he just said that he is optimistic.

Mr. Weitz. Did you relate that to anyone? That viewpoint?

Mr. Nelson. Probably, to whoever was -- you see I do not

(DATE)

## CALLERS

## PHONE CALLS

10 <sup>56</sup>	From: [unclear]	From: [unclear]
	From: [unclear]	From: [unclear]
		From: Claude Hill
10 <sup>30</sup>	Ed. [unclear]	To: Chairman Miller
	Ch. [unclear]	To: Oscar [unclear]
	x P. [unclear]	To: Chairman Miller
3 <sup>59</sup>	Lord Curzon (NY [unclear])	From: Bill Brill
	Mr. [unclear] (Commercial Counselor at Embassy) Wickham & [unclear]	From: Bill [unclear] (PA to [unclear])
	(Lord Curzon & [unclear] [unclear])	From: Chairman [unclear] (CAB)
3 <sup>25</sup>	Rob Rogers & Jim Elkins	From: Marvin [unclear]
3 <sup>35</sup>	David [unclear] & N. [unclear]	From: Larry Temple
5 <sup>45</sup>	Mr. Cohen	

## CALLS

8 <sup>15</sup>	[unclear]
9 <sup>10</sup>	[unclear]

## TIME RECORD

12 <sup>00</sup>	Teacher [unclear] - [unclear]
2 <sup>00</sup>	Pennington [unclear] - [unclear]
	Claude Hill

Thursday, March 4

DE

SECRETARY CONNALLY'S ITINERARY - MARCH 5 - 7, 1971

March 5 (Friday)

5:00 p.m. - Leave Page Terminal, National Airport

6:00 p.m. - Arrive New York (~~LaGuardia or White Plains~~  
~~where helicopter will bring him to 60th St. Heliport~~)

(Secretary and Mrs. Connally will stay at  
home of Mr. & Mrs. Gene Woodfin,  
910 5th Avenue, #4D; phone: REgent 4-6627)

p.m. - Dinner at home of John Loeb, 730 Park Avenue <sup>#10A</sup>  
(530-4214) (RE 4-5154)  
*miss chalk*  
*Loeb's nice*

March 6 (Saturday)

1:00 p.m. - Stag lunch at Links Club - 38 East 62nd Street

p.m. - Either stay in New York and see a show or  
travel to Mr. Woodfin's country home in  
Pawling, New York (AC 914/855-3024)

March 7 (Sunday)

3:00 p.m. - Depart New York

4:00 p.m. - Arrive National Airport

(DA)

## CALLERS

## PHONE CALLS

7:15	Pat. Hest	
7:25	From: DeLooney	David DeLooney
7:45	John Davis	Jersey Jeffers
10:15	From: DeLooney	From: DeLooney
10:45	From: DeLooney	From: DeLooney
11:15	From: DeLooney	From: DeLooney
11:25	From: DeLooney	From: DeLooney
11:40	From: DeLooney	From: DeLooney
12:00	From: DeLooney	From: DeLooney
12:10	From: DeLooney	From: DeLooney
12:15	From: DeLooney	From: DeLooney
12:25	From: DeLooney	From: DeLooney
12:30	From: DeLooney	From: DeLooney
2:30	From: DeLooney	From: DeLooney
2:40	From: DeLooney	From: DeLooney
3:00	From: DeLooney	From: DeLooney
6:15	From: DeLooney	From: DeLooney

## CALLS

8:45	Shell	
9:15	Shell	
9:45	U. S. News & World Report	
2:30	U. S. News & World Report	

## TIME RECORD

8:45	From: DeLooney	
11:30	From: DeLooney	
12:00	From: DeLooney	

Friday, March 19



CROSS-EXAMINATION

By Mr. Goldbloom:

Q I have a couple of questions, Mr. Nelson. During the course of your various discussions with members of Congress or Congressional staff members or the President or members of the White House staff or with whomever you may have come in contact or officials of the Department of Agriculture in connection with your efforts to obtain a satisfactory -- that is, satisfactory to your interests -- result concerning the price support level were there discussions to the effect that the making of political contributions by the agricultural trust would have an effect or an impact upon the decisions to be reached by the Government as to the price support level?

A Absolutely not.

Q Did anyone intimate to you that the making of political contributions, or for that matter, the failure to make political contributions, would have any kind of effect on such a determination?

A No, they did not.

Q And in the course of your discussions did you or others representing your interests suggest that the making of political contributions might have a beneficial result?

A No, absolutely not.

MR. GOLDBLOOM: I have no further questions.

1 A I'd just like to say this: I take it that what you're  
2 asking me -- the essence of what you were asking me is,  
3 was there a quid pro quo.

4 Q Exactly.

5 A There's never been a quid pro quo in my total experience.

6 CROSS-EXAMINATION

7 By Mr. Barrera:

8 Q Just by way of clarifying the people that may have been  
9 present at the meeting, which you've already given some  
10 names, both as to those that may have been with the  
11 President's staff and those that may have been with the  
12 farm group, in number, would you hazard a guess as to how  
13 many people may have been there all told?

14 A As I recall, the meeting was in the Cabinet Room and the  
15 Cabinet table was full -- the seats at the Cabinet table  
16 -- and chairs were arranged in back of the President with  
17 people occupying them. So I would say -- that's very hard  
18 to figure. I would say if you started counting, though,  
19 a total of thirty-five to fifty people in there. I'd  
20 say probably nearer thirty-five. I could be wrong on  
21 that, too. I'm sure they know how many were in there,  
22 but it was a goodly number of people.

23 Q The \$8500.00 loan to Mid-America, do I recall your having  
24 said that you did or did not recall the possibility of  
25 such a loan?

MR. DOBROVIR: I have no more questions.

MR. GOLDBLOOM: I have a few questions, Mr. Parr.

EXAMINATION BY COUNSEL ON BEHALF OF DEFENDANTS

BY MR. GOLDBLOOM:

Q In connection with the efforts that you testified about in which you participated to obtain a change in the Secretary's March 12 decision to maintain the price support level at \$4.66 a hundredweight, which is what it had been the previous year, did you either believe, or say to anyone, that the making of political contributions by TAPE to any committee or group supporting either the President of the United States or Republican Congressional candidates could achieve a change in the price support determination?

A No.

Q Did anyone ever say to you, either directly or by implication, or by inference that if political contributions were made by TAPE to committees which were Republican in nature, that the making of those political contributions would help to effectuate a change in the price support determination of the Secretary of March 12, 1971?

A No.

Q Do you believe that the making of political contributions by TAPE, or by any other political trust associated

with a dairy farmer organization caused the change in the price support determination of the Secretary of Agriculture of March 25, 1971?

A No.

MR. GOLDBLOOM: I have no further questions.

MR. STEELE: I have no questions.

We are not going to waive signature, but please send the original to Mr. Wilson, and he will handle it quicker.

(Whereupon, at 5:00 o'clock, p.m., the taking of the deposition was concluded.)

- - -

dairy groups, that this particular committee of which Mr. Hunt was Chairman, was not so used?

A I was not aware and I am not now aware.

MR. CHOTINER: Okay. I haven't any more questions.

MR. GOLDBLOOM: I have a few.

EXAMINATION BY COUNSEL FOR DEFENDANTS

BY MR. GOLDBLOOM:

Q Mr. Harrison, you testified with respect to various activities in terms of representing the interests of your clients in connection with the dairy price support level and the determination of that level during 1971, in particular, meetings that you had with various officials of the Department of Agriculture and representations which you made in connection with meetings, to various personnel on the White House staff. Now, barring, that is keeping aside any privileged communication which you may have had with your clients, did you at any time during the presentations that you made to officials of the Department of Agriculture or personnel on the White House staff or for that matter, anyone else, discuss the matter of political contributions that were made or were going to be made or the possibility of their being made in connection with your efforts to obtain a satisfactory result for your clients' interests on the dairy price support level?

A No.

Q Did you ever at any time in the course of your activities to obtain a satisfactory result for your clients' interests, suggest or intimate or say that political contributions might be made and that this would be a way of achieving a satisfactory result for that determination?

A No.

Q Did anyone ever suggest to you from the personnel of the Department of Agriculture, personnel on the White House staff or anywhere else for that matter, that if political contributions were made by your clients, that this would help to achieve a satisfactory result for your clients' interest?

A Certainly not.

MR. GOLDBLOOM: I have no further questions.

MR. DOBROVIR: Do you have any questions, Mr. Chotiner?

MR. CHOTINER: I never ask them.

MR. DOBROVIR: Thank you very much for coming by. I guess we'll see you tomorrow.

THE WITNESS: Let me indicate on the records I am here in response to a subpoena of the United States District Court for the District of Columbia issued by a Deputy Clerk thereof on motion of Mr. William A. Dobrovir, attorney for plaintiffs in this case.

(Whereupon, at 3:40 o'clock, p.m., the taking of the deposition was concluded.)



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